



# HALF YEAR REPORT



JD Sports Fashion Plc  
Half Year Report 2022



**jd sports fashion plc**

# OUR PURPOSE

The Group's purpose is to be a leading international multichannel retailer of sports, fashion and outdoor brands with core values of connecting with consumers through continual investment in our store portfolio, nurturing our global branded supplier relationships and improving our sustainability and financial performance.

## Overview

Highlights	1
Our Portfolio	2
Non-Executive Chair's Statement	4
Chief Executive Officer's Statement	8
Chief Financial Officer's Statement	13
Alternative Performance Measures	17

## Financial Statements

Condensed Consolidated Income Statement	20
Condensed Consolidated Statement of Comprehensive Income	20
Condensed Consolidated Statement of Financial Position	21
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24
Directors' Responsibility Statement	49
Independent Review Report	50

## Group Information

Financial Calendar	51
Shareholder Information	51

## Sports Fashion brands



size?

FOOTPATROL

FINISH LINE



DTLR VILLA

LIFESTYLE

Sprinter

SPORT ZONE

COSMOS  
SPORT

Sizeer



TESSUTI

scotts

## Outdoor brands



FISHING REPUBLIC



Naylors  
EQUIPMENT | COUNTRY | FIT



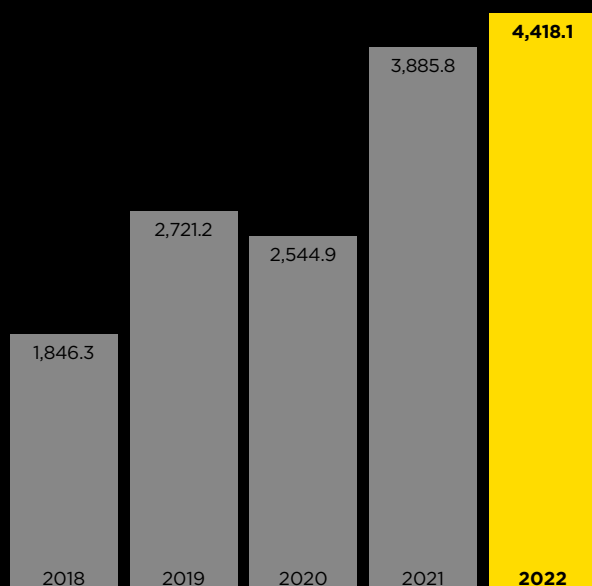
GO  
Outdoors



# HIGHLIGHTS

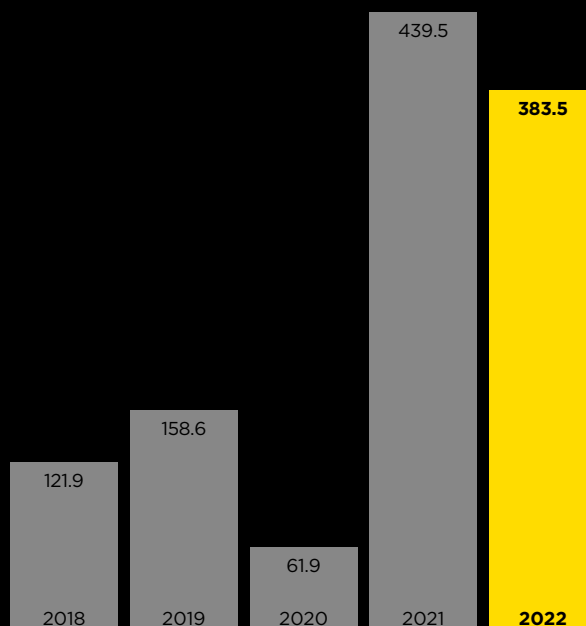
## Revenue £m

**£4,418.1m**



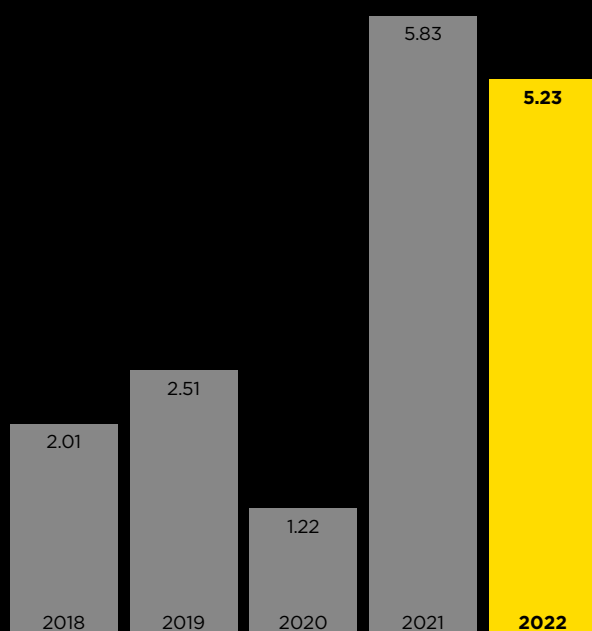
## Profit before tax and exceptional items £m

**£383.5m**



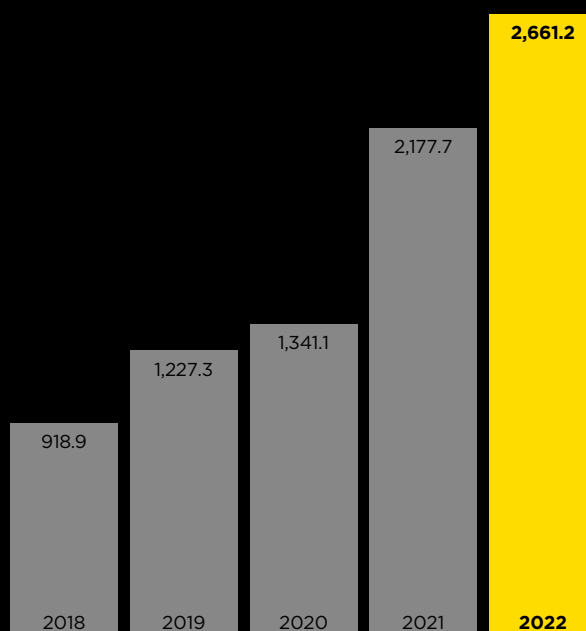
## Adjusted earnings per ordinary share<sup>\*/\*\*</sup> p

**5.23p**



## Net assets\* £m

**£2,661.2m**



\* Throughout the Half Year Report "\*" indicates the first instance of a term defined and explained in the Alternative Performance Measures section on page 17 along with a reconciliation to statutory measures. Further detail setting out the background to the alternative performance measures is given in Note 1 to the financial statements.

\*\* Adjusted earnings per ordinary share has been adjusted to reflect the share sub-division effective 30 November 2021, as if the event had occurred at the beginning of the earliest period presented.

# OUR PORTFOLIO

Building our position as the showcase of choice for the global sports fashion industry.

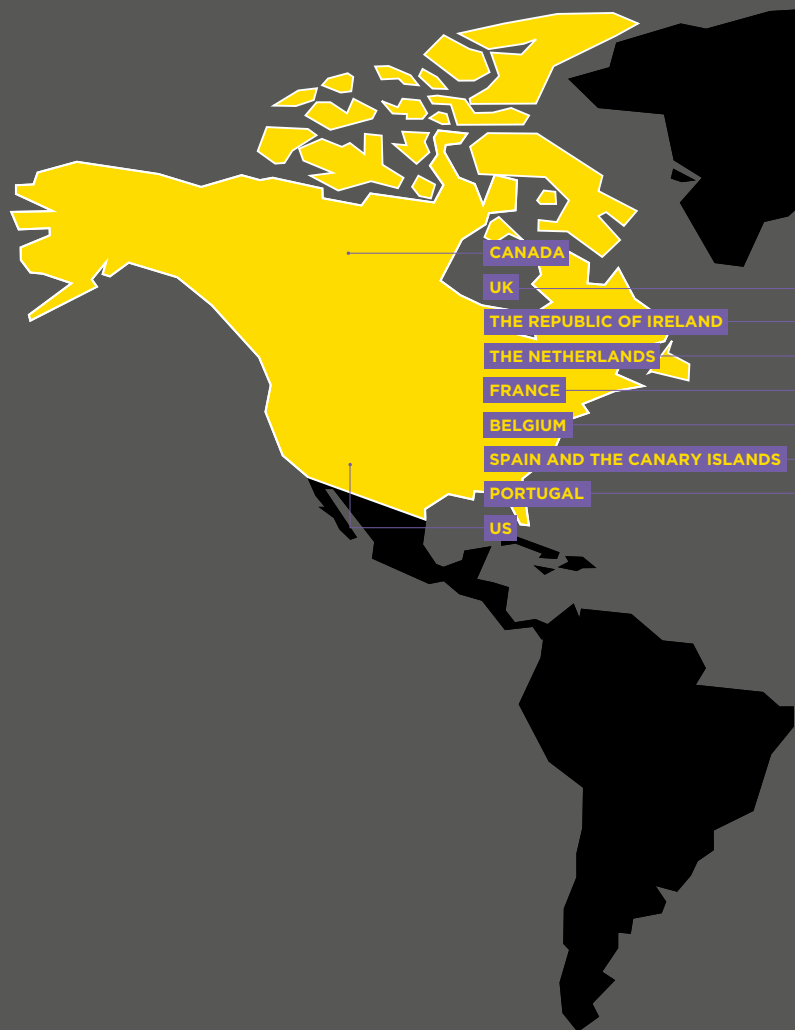
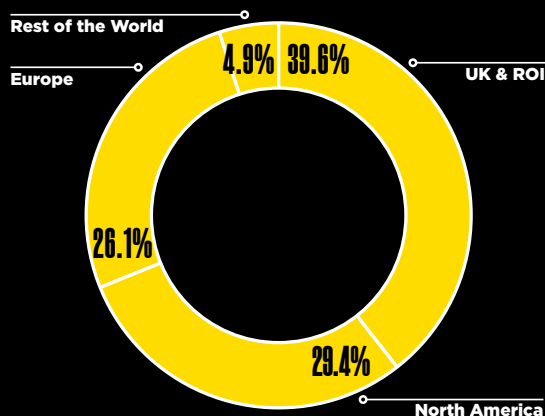
## SPORTS FASHION

<b>JD &amp; Size? UK and ROI</b>			
Stores:	000	Sq Ft:	
440	(+4)	1,845	(+41)
<b>JD &amp; Size? Europe</b>			
Stores:	000	Sq Ft:	
428	(+51)	1,262	(+131)
<b>JD Asia Pacific</b>			
Stores:	000	Sq Ft:	
82	(+3)	333	(+17)
<b>JD US</b>			
Stores:	000	Sq Ft:	
101	(+14)	418	(+64)
<b>JD &amp; Size? Canada</b>			
Stores:	000	Sq Ft:	
6	(+3)	21	(+13)
<b>Finish Line</b>			
Stores:	000	Sq Ft:	
412	(-15)	1,330	(-64)
<b>Livestock</b>			
Stores:	000	Sq Ft:	
4	(-)	8	(-)
<b>Shoe Palace (i)</b>			
Stores:	000	Sq Ft:	
171	(+5)	510	(+21)
<b>DTLR Villa</b>			
Stores:	000	Sq Ft:	
243	(-1)	901	(-3)
<b>Subtotal - Premium Sports Fashion</b>			
Stores:	000	Sq Ft:	
<b>1,887</b>	(+64)	<b>6,628</b>	(+220)
<b>Other UK</b>			
Stores:	000	Sq Ft:	
146	(-5)	500	(-3)
<b>Other Europe (ii)</b>			
Stores:	000	Sq Ft:	
859	(-30)	3,640	(-9)
<b>Other North America</b>			
Stores:	000	Sq Ft:	
288	(-1)	272	(-1)
<b>Other Asia Pacific</b>			
Stores:	000	Sq Ft:	
6	(+4)	6	(+5)
<b>Total - Sports Fashion</b>			
Stores:	000	Sq Ft:	
<b>3,186</b>	(+32)	<b>11,046</b>	(+212)

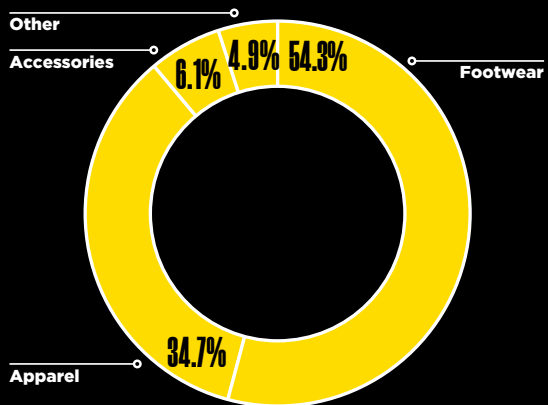
## OUTDOORS

<b>Blacks</b>			
Stores:	000	Sq Ft:	
53	(-2)	194	(-4)
<b>Millets</b>			
Stores:	000	Sq Ft:	
95	(+2)	198	(+3)
<b>Ultimate Outdoors</b>			
Stores:	000	Sq Ft:	
2	(-1)	18	(-15)
<b>Tiso</b>			
Stores:	000	Sq Ft:	
13	(-)	100	(-)
<b>Go Outdoors</b>			
Stores:	000	Sq Ft:	
65	(-)	1,824	(+12)
<b>Go Fishing</b>			
Stores:	000	Sq Ft:	
3	(-)	23	(-)
<b>Naylors</b>			
Stores:	000	Sq Ft:	
3	(-)	25	(-)
<b>Leisure Lakes</b>			
Stores:	000	Sq Ft:	
11	(+1)	49	(+4)
<b>Wheelbase</b>			
Stores:	000	Sq Ft:	
5	(+2)	34	(+20)
<b>Total - Outdoors</b>			
Stores:	000	Sq Ft:	
<b>250</b>	(+2)	<b>2,465</b>	(+20)
(i) Includes four stores trading as Nice Kicks.			
(ii) Chausport (France), Sprinter (Spain & the Canary Islands), Sport Zone (Portugal), Perry Sport/Aktiesport (the Netherlands), MIG (Central & Eastern Europe) and Cosmos (Greece & Cyprus).			
(iii) The +/- figures show the movement in the six month period ended 30 July 2022.			
After opening a further three gyms in the period, the Group had 77 sites in the UK at the end of the period (66 sites trading as JD and 11 sites still bannered as X4L). Further, following the acquisition of Total Swimming Holdings in May 2022, the Group had seven Swim! sites in the UK (see Note 7 for details).			

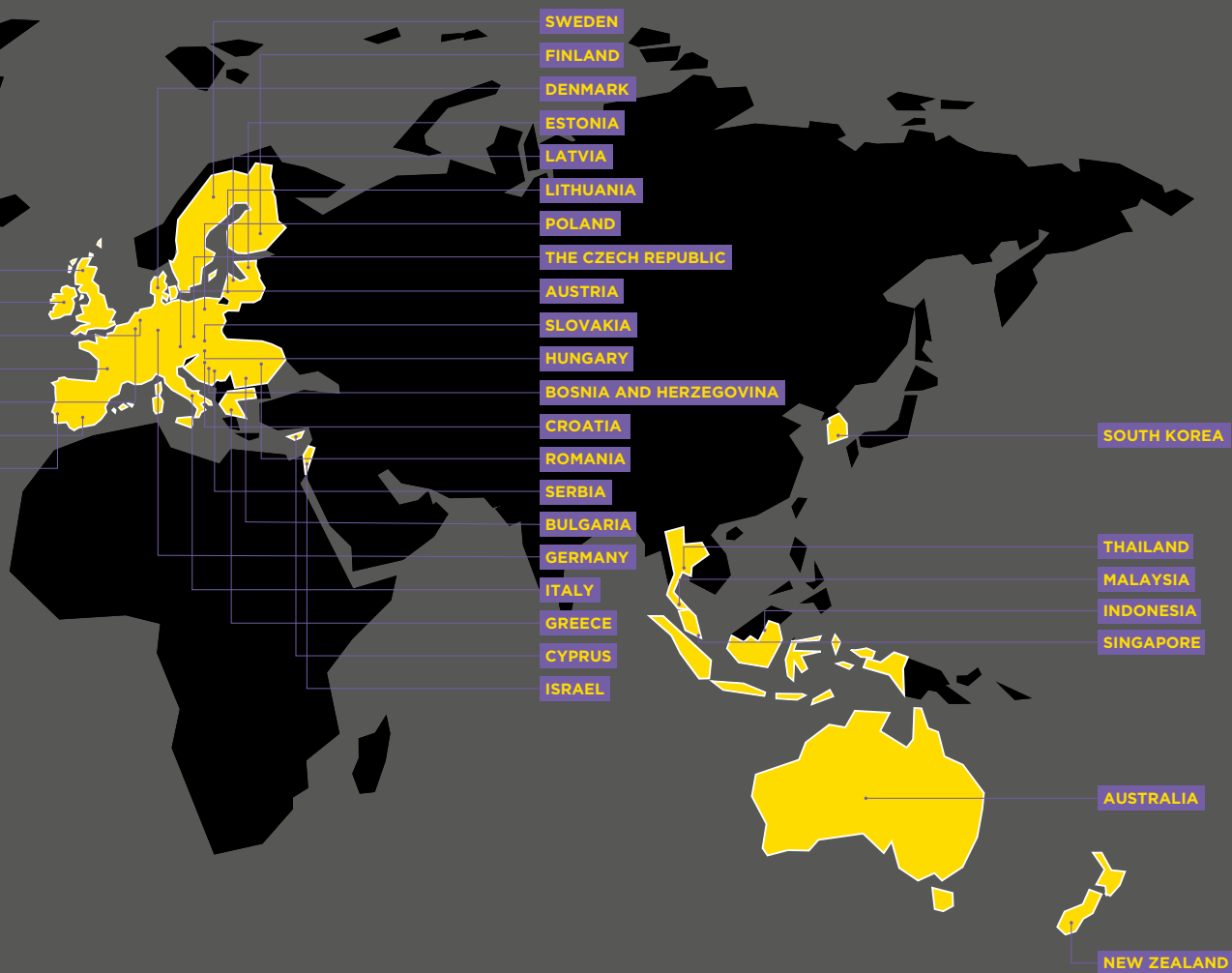
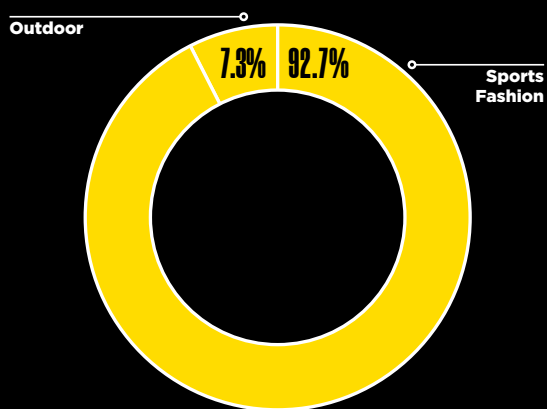
Geographical revenue %



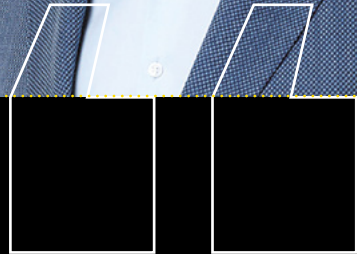
Group revenue by product type %



Stores number split %



# NON-EXECUTIVE CHAIR'S STATEMENT



**ANDREW HIGGINSON**  
**NON-EXECUTIVE CHAIR**

22 September 2022

With this year expected to follow a more normalised trading pattern, this result is at the top end of our expectations for the first half demonstrating the ongoing resilience of our global proposition and the strength of our consumer engagement.”

## INTRODUCTION

Whilst this has been a period of transition for the Board, it is reassuring that this has not impacted the financial performance of the Group which continues to deliver strong results with a profit before tax and exceptional items in the first half of £383.5 million (2021: £439.5 million). With this year expected to follow a more normalised trading pattern, this result is at the top end of our expectations for the first half demonstrating the ongoing resilience of our global proposition and the strength of our consumer engagement.

As expected, the result is lower than the prior year principally reflecting the non-comparability of the result in North America with our businesses in the United States experiencing a significant one-off benefit last year from the fiscal stimulus made available by the Federal Government to boost the economy, as previously highlighted.

The progress that the Group is making in its global markets is reflected by the fact that total sales in the Group's organic retail businesses\* were 5% ahead of the prior year. This performance is very encouraging, as notwithstanding the non-comparability of trading conditions in the United States, the Group has also faced numerous other challenges in the period including the well-publicised shortage of supply from a number of the international brands and the challenging global macro-economic situation.

JD continues to be the partner of choice for many international brands who see our premium fascias as the natural home for their latest ranges and freshest new styles. Our relationship with these brands and our access to product is as strong as it ever has been. We continue to deepen our relationships with our brand partners to help create new, richer and more engaging experiences for consumers going forward.

The result also bears testimony to the skills, resilience and positive attitude of the colleagues in our businesses who have not let the leadership changes deviate their laser focus on the consumer and our proposition. I would also like to express my gratitude for the leadership provided by Helen Ashton, as Interim Chair, and Kath Smith, as Interim CEO, after Peter Cowgill left the Group.

Whilst I only joined the Board in July, it has been evident in my short time with the Group that JD has an extremely robust proposition that is capable of thriving across multiple geographies and can do so in testing financial environments. This confidence comes from seeing up close how JD consistently adheres to a number of core entrepreneurial principles:

- A relentless commitment to be an authoritative and trustworthy source of style and fashion inspiration by understanding better than anyone what is relevant to the sports fashion focused and 'street' consumer
- Creating sector-leading physical retail environments and leading-edge digital technologies which are scalable across multiple territories and are adaptable to dynamic consumer expectations
- Providing inspiration to a demanding consumer who, regardless of wider global events or macro-economics, retain their dreams and aspirations and are reluctant to give up the things most important to them
- Curating a highly differentiated product assortment which heroes the urban uniform and has breadth, newness and exclusivity at its heart
- Utilising the extensive skills, knowledge and experience in our colleagues to transfer the JD DNA into new markets and deliver globally consistent standards

It is my responsibility as Chair to ensure that the Board is set up to make the governance infrastructure more professional whilst allowing the entrepreneurial flair to flourish. In doing so, JD will have the right foundations from which to progress positively and I look forward to working with our new CEO to take advantage of the ongoing development opportunities.

## BOARD DEVELOPMENTS

### Recruitment of New CEO

We are delighted to welcome Régis Schultz to the Group as Chief Executive Officer. Régis has now commenced in the role with his induction into the Group at an advanced stage, including introductions with key business leads and international brand partners. We firmly believe that Régis has the right characteristics and experience to lead the Group through the next phase of its journey. In particular, we believe that his expertise of retailing in Asia and the Middle East combined with his ability to drive transformational change through digitalisation perfectly complement the existing skills both in the Board and the wider senior leadership team.

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## NON-EXECUTIVE CHAIR'S STATEMENT CONTINUED

Régis has joined the Group at the optimum time as it starts its build up to the crucial peak trading season at the end of the year. Régis will work closely with the operational teams in this period, enhancing his overall knowledge of the Group's operations whilst simultaneously also giving our teams the opportunity to learn from his international executional expertise. The knowledge that he gains in this period will be key in helping him shape his vision for the continued international development of our brands and the further enhancement of our already market-leading multichannel customer experience.

Kath Smith will shortly step back from her role as Interim CEO and will return to her former role as the Senior Independent Non-Executive Director. I thank her for her support during the transition period.

### Other Board Updates

Suzi Williams, who joined the Board on 16 May 2022, has now taken up the role of Remuneration Committee Chair whilst I have been appointed as Chair of the Nominations Committee.

I am also taking the opportunity to review the mix of skills and experience on the Board and am assessing if there are any gaps. We will not hesitate to strengthen the Board further if we believe that new Board members could positively contribute to the global development and momentum of the Group.

Finally, I am pleased that we have been able to reach an amicable and constructive way forward with Peter Cowgill covering the next three years. Peter has hugely valuable experience, built over 18 years, which we do not want to lose and both Régis Schultz and I are delighted that we will be able to benefit from his unparalleled knowledge and experience over this period. The arrangement that we have agreed, which includes both a binding set of new and enhanced restrictive covenants for a two-year period and a consultancy agreement for an expected period of three years, will help ensure a seamless handover and best protects the Group's commercial interests.

### Governance Update

Working with external advisors, the Group continues to make good progress on the initial short-term intensive programme of works to address the priority issues on governance and regulatory compliance matters. Further, after the completion of a Control, Risk and Compliance Target Operating Model review, the Board has now agreed a detailed plan and resource requirements assessment for a programme of works which will ensure compliance with the various regulatory obligations and greater conformity with the Corporate Governance Code. The Board firmly believes that the 15 to 18 month timeline, which it has adopted for this programme, is appropriate for JD as it will ensure that these changes have the opportunity to become fully embedded in the day-to-day operations and culture of the business without constraining the commercial flexibility and quick decision making that have been instrumental in our recent success.

### UPDATE ON FOOTASYLUM LIMITED ( ' FOOTASYLUM ' )

The process to sell Footasylum and its associated subsidiaries to Aurelius Group formally completed on 5 August 2022 with consideration of £37.5 million received. The Competition and Markets Authority has subsequently confirmed that its investigation into the merger has been closed.

### DIVIDENDS

Given the return to more normalised trading, the Board believes that it is appropriate to return to a more normalised phasing of dividend payments, with approximately one-third of the anticipated annual dividend paid as an interim dividend after the first half. Accordingly, after careful consideration, the Board proposes paying an interim dividend of 0.13p (2021: nil). This dividend will be paid on 6 January 2023 to shareholders on the register at 9 December 2022. We continue to believe that it is in the longer-term interests of all shareholders to keep dividend growth restrained so as to maximise the available funding for our ongoing growth opportunities.



## OUTLOOK

We continue to be reassured by the ongoing resilience in the Group's performance with trade to date through the second half following a similar trend to the first half with total sales in the Group's organic retail businesses tracking around 8% ahead of the prior year after six weeks. This includes an encouraging return to positive trading in the United States. Trade in the UK, principally online, initially softened in August and early September with customers understandably slower to transition into heavier weight Autumn product whilst the weather remained relatively warm and dry. However, the performance has improved again in the most recent weeks.

The Group also continues to take necessary action to mitigate the current cost pressures with ongoing initiatives including maximising productive hours in stores and our warehouse facilities, improving energy efficiency at all our sites and delivering savings on consumable items.

Whilst the overall performance continues to be encouraging and the result for the half year was at the upper end of the Board's expectations, it must also be recognised that the most material trading periods lie ahead. Given the widespread macro-economic uncertainty, inflationary pressures and the potential for further disruption to the supply chain with industrial action a continuing risk in many markets, it is inevitable that we remain cautious about trading through the remainder of the second half. Despite this, the Board maintains its view, at this point, that the headline profit before tax and exceptional items for the year end 28 January 2023 will be in line with the record performance for the year ended 29 January 2022.

We intend to provide an update on trading in early January after our key Christmas trading period.

**Andrew Higginson**  
**Non-Executive Chair**

**22 September 2022**

# CHIEF EXECUTIVE OFFICER'S STATEMENT



.....  
**RÉGIS SCHULTZ /  
KATH SMITH**

**CHIEF EXECUTIVE OFFICER  
/ INTERIM CHIEF  
EXECUTIVE OFFICER**

**22 September 2022**

It is a great testament to the strength and quality of the people at every level in our businesses that we have been able to consistently deliver outstanding results over a number of years.”

## INTRODUCTION

As expected and guided, the profit before tax and exceptional items of £383.5 million is lower than the record set in the previous year of £439.5 million. This is principally due to a reduction in profit before tax and exceptional items of £115.1 million across our combined businesses in North America, which benefitted significantly in the prior year from the temporary fiscal stimulus which the Federal Government made available to the lower earning demographic. This means that the rest of the Group's businesses actually increased their contribution in the period as compared to last year by £59.1 million which is a reflection of the continuing positive momentum in our global markets.

## SPORTS FASHION

### UK & Republic of Ireland

We are encouraged by another robust performance in the sports fashion retail fascias in the UK and Republic of Ireland which delivered a profit before tax and exceptional items for the first half of £153.0 million (2021: £174.2 million). It should be recognised that the stores only re-opened from the middle of April in the prior year with full business rates only payable from July.

We are reassured by the resilient nature of the consumer demand across all our fascias with total revenue growth in the JD fascia compared to the prior year of approximately 7% with this business in particular performing strongly through the summer months benefitting from the increased demand for international holidays.

The UK and Republic of Ireland is the most mature market for the JD and Size fascias with developments such as the new flagship store at the Metrocentre in Newcastle demonstrating our ongoing commitment to continue raising standards of excellence in multichannel retailing. It is our belief that the integration of innovative digital technology into a vibrant retail theatre increases the attractiveness and desirability of our premium product ranges. The UK and Republic of Ireland is also the market where the JD and Size fascias have the greatest density of stores relative to the population with 440 stores at the period end (2021: 428). We maintain our belief that the store base at its current scale contributes positively to our development as it raises brand awareness, provides consumers with an opportunity to physically see and try the product, and enables us to offer multiple delivery points.

Elsewhere, we are pleased with the performance in our fashion businesses including Tessuti, Giulio and Mainline Menswear. More recently, Tessuti has opened its new global flagship store in Liverpool.

With more than 21,000 sqft of retail space, this store sets new standards in the retailing of premium fashion brands combining classic design with the latest digital technology.

### Europe

We are also encouraged by the recovery that we have seen in our businesses in Europe with our combined businesses delivering a profit before tax and exceptional items for the first half of £57.1 million (2021: loss of £7.2 million). Clearly the stores being open for the full period has been very beneficial in driving an improved performance with total revenue growth in the JD fascia of more than 30% compared to the prior year.

The performance of JD in Europe is also benefitting from actions that we have taken to enhance our service proposition. This includes investing in local logistics capabilities with approximately 90% of product for JD stores in Western Europe now supplied by our warehouses in Southern Belgium and Northern France. Elsewhere, construction of the larger facility in Heerlen is ongoing with fulfilment from the facility expected to commence in the first half of 2024.

The operational challenges which we faced in Europe through the COVID-19 period were temporary in nature and have not changed our view on the long-term opportunity for JD across the continent. Accordingly, we remain committed to expanding our physical retail presence in Europe at pace with a net 51 new JD stores open in the period which includes nine new stores in Eastern Europe which have been opened by the MIG team and the conversion of 22 stores which formerly traded as Chausport in France. Working with the Cosmos team, the Group will open its first JD store in Greece imminently with a store at the Smart Park shopping mall in Athens. The JD team in Europe is also managing the joint venture in Israel with two stores opened in the period and three further stores anticipated to open through the second half.

Elsewhere, our other fascias, which includes our businesses focused on the Sporting Goods market, continue to progress with five additional new stores in the period across Iberia. The trial in the Netherlands which saw former Perry Sport stores being converted to the Sprinter fascia has now been extended with a further two stores converted in the period. The initial results from this trial, which allows us to present an enhanced offer in key active sports categories such as running and cycling, are encouraging and it is our intention to extend this trial into other stores in the second half.

## North America

It is not possible to directly compare the performance of our businesses in North America year-on-year without taking into consideration the absence of Federal fiscal stimulus this year in the United States. Further, the performance in the first half was also negatively impacted, particularly in the first quarter, by the well-publicised international supply chain challenges which resulted in the reduced availability of certain key footwear styles. These supply chain challenges were felt most acutely in North America as footwear represents more than 80% of total sales, which is the highest of any of our markets.

Whilst these factors have combined to negatively impact the performance as compared to the previous year, the profit before tax and exceptional items of £130.4 million (2021: £245.5 million) is in line with our expectations. It is also encouraging that gross margins have largely been maintained at the prior year levels with an overall gross margin across our businesses of 49.4% (2021: 49.7%). Ultimately, our progress in this market can also be measured by the fact that the profit before tax and exceptional items solely in the JD / Finish Line business of £63.1 million is significantly ahead of the £35.7 million result achieved in the same period in 2019, which is the most relevant comparable period prior to the COVID-19 pandemic.

The improvement in product availability in the second quarter is reflected in the trading which improved progressively through the period. This improvement in availability and trading has continued into the second half with our businesses trading positively through the first six weeks.

We are very pleased with the ongoing strategic developments across our businesses in North America which we believe will deliver sustainable long term benefits. This includes the ongoing roll-out of the JD fascia which, at the end of the period, traded from 107 stores (2021: 66 stores), including six stores (2021: one store) in Canada. These new store developments for JD include a number of relocations where we have taken the opportunity to relocate an existing Finish Line store to a site which is either more appropriately sized or is in a location which attracts higher levels of footfall. The new stores for JD in the period include the opening of a first store in a street location with a store in the Bronx area of New York. JD will open its second flagship store in the United States later in the Autumn with a store on State Street in Chicago. Our businesses are also continuing to make progress on a number of projects which will enhance both our collective operational effectiveness and the consumer experience.

## Asia Pacific

The Group continues to make progress in the Asia Pacific region with our businesses delivering a combined profit before tax and exceptional items for the first half of £29.3 million (2021: £13.6 million) representing a margin of 15.5% of sales (2021: 9.6%).

Our most significant market in this region continues to be Australia where, a further three new stores were opened in the first half, bringing the total to 43 stores at the end of the period (2021: 35 stores). A further two stores have opened subsequently which includes the Group's first store in Adelaide. We anticipate further openings in Australia through the second half as JD continues to gain momentum in the country. Further, after an encouraging start at the store in Auckland, our management team in Australia is also looking to expand the footprint of JD in New Zealand with two new stores expected to open in the second half.

Elsewhere, working with our joint venture partner, PT Erajaya Swasembada Tb, the Group has now opened four stores in Indonesia with further openings anticipated through the second half.

## Gyms

After opening a further three gyms in the period, the Group had 77 sites in the UK at the end of the period with 66 sites trading as JD and a further 11 sites still bannered as X4L. It remains our expectation that the majority of these sites will be converted to JD and retained longer term. As would be expected, our gyms with their premium look and feel, including saunas, have a higher utility cost relative to sales as compared to our retail businesses with our management team very focused on driving through a number of initiatives which will reduce the electricity usage without impacting the members' experience. We are pleased with the early results from this exercise.

We are also encouraged by the early performance of our GymNation business in the United Arab Emirates with seven gyms currently open and a strong pipeline of future openings including Downtown Dubai and Sharjah.

During the period we broadened our leisure interests with the acquisition of 60% of Total Swimming Holdings Limited ('Swim!') for initial cash consideration of £11.1 million with additional consideration of up to £4.0 million payable if certain targets and performance criteria are achieved. Swim! was founded by former Olympic swimmers Steve Parry, Rebecca Adlington and Adrian Turner to make swimming more accessible and is the first multi-site operator of dedicated children's 'learn to swim' centres in the UK with seven sites operating at the end of the period.

## Financial Performance

The challenges that we have faced in the period in North America should not detract from what has been an excellent period for our Sports Fashion businesses overall with these businesses delivering a profit before tax and exceptional items of £382.0 million (2021: £432.1 million).

This result was heavily influenced by a very positive performance from the retail fascias in the UK and Republic of Ireland which, again, was the most profitable territory with a profit before tax and exceptional items across the combined retail fascias of £153.0 million (2021: £174.2 million) with this result including additional costs of £20 million compared to last year consequent to the return to full business rates in the UK. There was also a pleasing recovery for our businesses in Europe which delivered a profit before tax and exceptional items of £57.1 million (2021: loss of £7.2 million). As expected, the retail fascias in North America could not match the record result of the previous year although the combined profit before tax and exceptional items of £130.4 million (2021: £245.5 million), which represents a margin of 10.1% (2021: 18.1%), is still extremely encouraging given the context of the supply chain challenges in the period.

Overall gross margins within Sports Fashion at 49.0% are broadly consistent with the previous year (2021: 48.8%). Within this, the combined gross margin for the businesses in North America was 49.4% (2021: 49.7%). This is reassuring as it means that there is no indication that this market is returning to historic levels of promotional activity.

After recognising exceptional items in the period of £85.2 million (2021: £74.9 million) principally relating to a net increase of £40.2 million (2021: £59.1 million) in the fair value of the liabilities in respect of the Group's various future put options, the profit before tax in Sports Fashion was £296.8 million (2021: £357.2 million).

## OUTDOOR

This has been another period of revenue growth in our Outdoor businesses with total revenues increasing by 16.8% compared to the prior year. Whilst people may have had more international travel options than the prior year, it is clear that spending time outdoors more locally remains popular for many people who recognise the physical and mental health benefits that it provides. In particular, our businesses are seeing a strong demand for activity-based categories such as Fishing and Cycling with the Group benefitting from its recent investments in these areas. Further, the demand for Outdoor Living categories to support people on their camping trips, has also

remained at elevated levels. However, the exceptionally dry and warm weather throughout the UK through the Summer period has depressed the sale of higher price and higher margin apparel ranges, particularly waterproofs.

We continue to invest in all of our fascias with a new Go Outdoors store opened in Bury and the relocation of our stores in Swindon, Gateshead and Derby. We have also opened our first two Wheelbase cycling concessions in the Go Outdoors stores at Coventry and Stockton. In addition, we have enhanced our position as an authoritative nationwide retailer in the fishing and equestrian categories with Fishing Republic concessions now in more than 50 Go Outdoors stores and Naylor's Equestrian concessions in seven stores.

## Financial Performance

Whilst revenues have increased, the activity-based categories that have grown deliver lower gross margins which is reflected in overall gross margins reducing by 2.1% to 42.2% (2021: 44.3%). Consequently, the profit before exceptional items reduced to £4.0 million (2021: £10.8 million). We firmly believe that this reduction in profit is a consequence of the unseasonal weather through the Summer and it is not a true reflection of the substantial progress that we are making in this sector. Consequently, we remain confident in our longer-term prospects and we continue to work on initiatives which enhance the resilience of our proposition.

There were no exceptional items in the period (2021: £nil) which means that the profit before tax in Outdoor was also £4.0 million (2021: £10.8 million).

## LOGISTICS DEVELOPMENTS

### UK & Republic of Ireland

Fitting out of the new 515,000 sqft facility in Derby, which will be used exclusively to fulfil online orders for JD in the UK is progressing, with fulfilment from the site expected to commence in Q1 of 2023. Approximately £33 million has been invested at this site to date with the full cost of this initial development expected to rise to approximately £70 million by the middle of 2023. There is additional space at the site for a further phase of works should that be necessary which we would expect to cost approximately a further £21 million although we are not committed to this yet.

To bridge the capacity gap ahead of Derby opening, Clipper Logistics Plc will continue to provide a range of logistics operations, including warehousing and e-fulfilment, on a temporary basis from its site at Sherburn, Leeds until Summer 2023.

# CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

## Western Europe

Construction of the 620,000 sqft facility in Heerlen, South-East Netherlands is ongoing with this site scheduled to be handed over later this year for initial fitting out and operational use anticipated for mid-2024. We anticipate incurring up to €20 million of capex at this site in the period from handover to the end of the year with the total cost over the life of the project to bring the site into full operational use in 2024 estimated at €95 million.

In the meantime, we have expanded our base of smaller facilities in Southern Belgium and Northern France so that we can further increase the amount of product which is fulfilled to locations in Western Europe both for stores and online. Currently, approximately 90% of store deliveries and 15% of online orders are being fulfilled out of these facilities.

## North America

Our Shoe Palace business in California is also now fully operational with its new 512,000 sqft facility in Morgan Hill, San Jose. This facility, which has the capacity to serve approximately 400 stores was designed to exceed the requirements under Title 24 of the California Building Standards Code with the rooftop solar photovoltaic panels generating electricity equivalent to 96% of the power required by the site. Having a facility of this scale on the West Coast is clearly a significant advantage as we work towards a more integrated logistics network in the United States.

## PEOPLE

It is a great testament to the strength and quality of the people at every level in our businesses that we have been able to consistently deliver outstanding results over a number of years. Our continued strength is principally due to their talent, energy and commitment and we thank everybody involved across the Group for their part in delivering these excellent results.

We firmly believe that the continued international development of our retail businesses provides significant personal development opportunities, both temporary and permanent, and is a major reason why people are attracted to, and stay with, our business. We remain committed to giving all our colleagues a quality work experience which is challenging yet rewarding.

**Régis Schultz / Kath Smith**  
**Chief Executive Officer / Interim Chief**  
**Executive Officer**

**22 September 2022**

# CHIEF FINANCIAL OFFICER'S STATEMENT



This result is entirely consistent with the more normalised trading patterns that the Group would expect to see in the current year as the world emerges from the COVID-19 pandemic with up to 40% of annual profits generated in the first half of the year”

**NEIL GREENHALGH**  
**CHIEF FINANCIAL OFFICER**

22 September 2022

# CHIEF FINANCIAL OFFICER'S STATEMENT CONTINUED

## FINANCIAL PERFORMANCE

### Revenue and Gross Margin

This period was the first time since 2019 that all of our businesses have traded free from restrictions. Whilst this was a positive to revenues through the period in many countries, particularly in Europe, this was offset by lower revenues in the United States where the lack of fiscal stimulus to the economy meant a return to more normal trading with our businesses not having the same favourable conditions as the prior year.

Ultimately, total revenue for the Group for the first half increased to £4,418.1 million (2021: £3,885.8 million). Total revenues in the Group's organic retail businesses, being those businesses which were part of the Group throughout the previous financial year, were 5% ahead of the prior year.

Given that stores were temporarily closed in many markets in the prior year, it would not be meaningful to present like-for-like sales on a one year basis. However, it is possible to consider like-for-like sales on a three year basis, to measure against the period before the emergence of the COVID-19 pandemic, with revenues increasing by more than 25% over this period.

Total gross margin for the first half has remained constant at 48.5% (2021: 48.5%). Encouragingly, gross margins have largely been maintained at the prior year levels across our businesses in North America with an overall gross margin of 49.4% (2021: 49.7%).

### Profit Before Tax

Profit before tax and exceptional items was lower than the prior period at £383.5 million (2021: £439.5 million). However, this result is entirely consistent with the more normalised trading patterns that the Group would expect to see in the current year as the world emerges from the COVID-19 pandemic with up to 40% of annual profits generated in the first half of the year.

As expected, our businesses in North America saw a reduction in profit in the period, consequent to both the lack of fiscal stimulus and the shortage of supply from some of the major international brands, with these businesses delivering an aggregate profit before tax and exceptional items of £130.4 million (2021: £245.5 million). This implies that our other global businesses increased their profit before tax and exceptional items by 30.5% to £253.1 million (2021: £194.0 million) which is a reflection of the positive progress that the Group continues to make in its markets.

There were exceptional items in the period of £85.2 million (2021: £74.9 million) principally from the movement in the fair value of the liabilities in respect of future put and call options:

	2022 £m	2021 £m
Movement in fair value of put and call options <sup>(1)</sup>	40.2	59.1
Impairment of non-current assets <sup>(2)</sup>	36.5	-
Impairment of assets held-for-sale <sup>(3)</sup>	8.5	-
Restructuring of Spodis <sup>(4)</sup>	-	15.8
<b>Total exceptional charge</b>	<b>85.2</b>	<b>74.9</b>

- (1) Movement in the fair value of the liabilities in respect of the put and call options on Genesis Topco Inc £28.7 million (2021: £65.0 million), Iberian Sports Retail Group £16.8 million (2021: credit of £7.7 million), Other credit of £5.3 million (2021: charge of £1.8 million). The movement in the fair value of the put option liabilities is presented as exceptional as it is a significant item that is outside of the normal course of business.
- (2) The impairment constitutes a charge of £10.2 million in respect of the goodwill and fascia name arising in the prior year on the acquisition of Missy Empire, £12.7 million in respect of the partial impairment of the goodwill arising in the prior year on the acquisition of Hairburst and £13.6 million in respect of the partial impairment of the investment in the Joint Venture, Gym King. The impairment is presented as exceptional as it is a significant item that is outside of the normal course of business.
- (3) Impairment recognised in order to present the assets held-for-sale in respect of Footasylum Limited at the lower of carrying value and fair value less costs to sell in accordance with IFRS 5. This item is presented as exceptional as the divestment of Footasylum Limited is non-recurring.
- (4) The impact consequent to the restructuring of Spodis SA in the prior period including a charge of £5.5 million in relation to the impairment of tangible assets and business restructuring costs of £10.3 million. This item is presented as exceptional as it is related to a non-recurring restructuring project.

Group profit before tax ultimately decreased to £298.3 million (2021: £364.6 million).

### Proforma Results Under IAS 17 'Leases'

On a proforma basis under IAS 17 'Leases', the headline profit before tax and exceptional items to 30 July 2022 for the Group would have been £4.6 million higher at £388.1 million (2021: £12.0 million higher at £451.5 million). After exceptional items totalling £85.2 million (2021: £74.9 million), the profit before tax on the same proforma basis would have been £302.9 million (2021: £376.6 million).

Revenue

**£4,418.1m**

Profit before tax and exceptional items

**£383.5m**

Earnings per share (pence)

**3.58p**



### Cash and Working Capital

The net cash balance at the end of the period was broadly consistent with the prior year at £1,013.1 million (2021: £995.1 million).

Our capacity to generate cash in our retail operations remains as strong as ever. However, the net cash in the period has been impacted by a general restocking of our businesses in North America, as the supply from the international brands normalised through the second quarter and increased investment in capital expenditure as we expand our geographical footprint, further enhance the consumer proposition and upgrade our operational infrastructure.

Net inventories across the Group at the end of the period were £1,428.5 million (2021: £996.7 million). Within this, inventories in our businesses in North America increased to £379.7 million (2021: £207.7 million) as the flow of product reverted to normal levels. Forward cover in our core Finish Line / JD business at the end of the period of 13 weeks was higher than the prior year (2021: nine weeks) but was broadly in line with the cover in the core JD business in the UK / Europe of 12 weeks (2021: 12 weeks) with a continual focus on robust stock management disciplines.

Gross capital expenditure\* (excluding disposal costs) increased to £156.6 million (2021: £83.5 million) with the primary focus of our capital expenditure continuing to be our physical retail fascias where spend in the period was £81.5 million (2021: £42.0 million). Given that we expect substantial investment on the new warehouses at Derby and Heerlen in the second half, we would expect the overall spend through the second half to be higher than that in the first half and would now anticipate that capital expenditure for the full year will be in the range of £325 million to £375 million (52 weeks to 29 January 2022: £247.9 million).

### Earnings per Ordinary Share

The basic earnings per ordinary share decreased by 19.4% to 3.58p (2021: 4.44p), consistent with the reduction in the Group profit before tax.

The adjusted\* earnings per ordinary share decreased to 5.23p (2021: 5.83p).

### Environmental and Sustainable Sourcing Update

The Group continues to make excellent progress with its environmental and sustainable sourcing work programmes. We are pleased that our efforts are increasingly being recognised externally with Sustainalytics, one of the world's leading independent ESG research and analytics businesses, recently giving JD a risk score that placed it 17th in a list of 458 global retail businesses.

Elsewhere, we continue to consolidate our efforts on environmental and social efforts into three main pillars:

- Reducing the impact of climate change
- Sustainable sourcing
- Circular economy and recycling

Progress to date this year on these pillars includes the following:

- In line with the commitment that we made in 2019, we are on track to have 100% renewable energy use across our business in Western Europe by the end of this year
- 'Better Cotton' usage in our private label business now stands at 98.5%
- We have implemented a new 'Environmental Performance Evaluation' Policy and Standards with an objective to improve environmental performance in the supply chain through an eight-stage process which is designed to support our private label suppliers in improving the environmental standards of their operations
- Our updated corporate website provides full disclosures and transparency on:
  - Sustainable product mapping
  - Audit standards, supplier mapping, and case studies demonstrating progress towards the United Nations Sustainable Development Goals
- Our Head Office in Bury has joined our principal warehouse at Kingsway, Rochdale in being recognised as a 'zero waste to landfill' facility.

## CHIEF FINANCIAL OFFICER'S STATEMENT CONTINUED

### Store Portfolio

During the period, store numbers have moved as follows:

	Period start	New stores	Transfers	Acquired	Closures	Period end
<b>Premium Sports Fashion</b>						
UK & Republic of Ireland	436	10	-	-	(6)	<b>440</b>
Europe	377	32	22	-	(3)	<b>428</b>
Asia Pacific	79	5	-	-	(2)	<b>82</b>
North America	931	14	-	-	(8)	<b>937</b>
	<b>1,823</b>	<b>61</b>	<b>22</b>	<b>-</b>	<b>(19)</b>	<b>1,887</b>
<b>Other Fascias</b>						
UK & Republic of Ireland <sup>(i)</sup>	151	5	-	1	(11)	<b>146</b>
Europe	889	28	(22)	-	(36)	<b>859</b>
Asia Pacific	2	4	-	-	-	<b>6</b>
North America	289	-	-	-	(1)	<b>288</b>
	<b>1,331</b>	<b>37</b>	<b>(22)</b>	<b>1</b>	<b>(48)</b>	<b>1,299</b>
<b>Total Sports Fashion</b>	<b>3,154</b>	<b>98</b>	<b>-</b>	<b>1</b>	<b>(67)</b>	<b>3,186</b>
<b>Total Outdoor</b>	<b>248</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>250</b>
<b>Total Group</b>	<b>3,402</b>	<b>107</b>	<b>-</b>	<b>1</b>	<b>(74)</b>	<b>3,436</b>

(i) Includes 62 stores trading as Footasylum (2021: 67 stores) which were subsequently disposed of on 5 August 2022

In addition, the Group now has six JD stores operating under joint venture arrangements with partners in Indonesia and Israel as follows:

	Period start	New stores	Period end
Indonesia	-	4	<b>4</b>
Israel	-	2	<b>2</b>
<b>Total</b>	<b>-</b>	<b>6</b>	<b>6</b>

After opening a further three gyms in the period, the Group had 77 gym sites in the UK at the end of the period (66 sites trading as JD and 11 sites still bannered as X4L). Further, following the acquisition of Total Swimming Holdings in May 2022, the Group also had seven Swim! sites in the UK (see Note 7).

**Neil Greenhalgh**  
Chief Financial Officer

**22 September 2022**

# ALTERNATIVE PERFORMANCE MEASURES

(Terms listed in alphabetical order)

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the trading performance of the Group.

Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items. Exceptional items are disclosed separately when they are considered unusual in nature and not reflective of the trading performance and profitability of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance. An explanation as to why items have been classified as exceptional is given in Note 3.

## ADJUSTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is detailed in Note 6. Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	26 weeks to 30 July 2022	26 weeks to 31 July 2021 (restated)	52 weeks to 29 January 2022
Basic earnings per share	3.58p	4.44p	7.17p
Exceptional items	1.65p	1.45p	5.66p
Tax relating to exceptional items	-	(0.06p)	0.01p
<b>Adjusted earnings per share</b>	<b>5.23p</b>	5.83p	12.84p

## GROSS CAPITAL EXPENDITURE

Gross capital expenditure is used to provide a total of all spend of a capital nature.

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Investment in software	11.0	4.5	14.9
Acquisition of property, plant and equipment	139.9	77.7	227.3
Acquisition of non-current other assets	5.7	1.3	5.7
<b>Total gross capital expenditure</b>	<b>156.6</b>	83.5	247.9

## LFL (LIKE-FOR-LIKE) SALES

The percentage change in the year-on-year sales, removing the impact of new store openings and closures in the current or previous financial year. This metric enables the performance of the retail stores to be measured on a consistent year-on-year basis and is a common term used in the industry.

## NET CASH / (DEBT)

Net cash / (debt) consists of cash and cash equivalents together with interest-bearing loans and borrowings. This measure is a good indication of the strength of the Group's Balance Sheet position and is widely used by credit rating agencies. A reconciliation of net cash / (debt) is provided in Note 12.

## OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS

A reconciliation between operating profit and exceptional items can be found in the Condensed Consolidated Income Statement.

## ORGANIC RETAIL BUSINESSES

Being those retail businesses which were subsidiaries at 30 January 2021 and so have been consolidated throughout the whole of the previous financial year and the period to date in the current financial year.

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

### PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (HEADLINE PROFIT)

Profit before tax and exceptional items is used as a measure of in-year performance associated with bonus financial metrics. Further details are provided in the Directors' Remuneration Report in the JD Sports Fashion Plc Annual Report and Accounts 2022. A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Profit before tax	298.3	364.6	654.7
Exceptional items	85.2	74.9	292.5
<b>Profit before tax and exceptional items</b>	<b>383.5</b>	439.5	947.2

### PROFORMA IAS 17

The Group presents results on a proforma basis with rents recognised under the provisions of IAS 17 'Leases' as opposed to IFRS 16 'Leases' as this is consistent with the financial information used to inform business decisions and investment appraisals. Certain management incentives are also linked to the results on this basis. A reconciliation from the IFRS 16 headline profit before tax and exceptional items to the proforma IAS 17 headline profit before tax and exceptional items is as follows:

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Headline profit before tax and exceptional items (IFRS 16)	383.5	439.5	947.2
Add back:			
Depreciation and impairment of the right-of-use assets under IFRS 16	195.2	175.3	361.3
Lease interest expense	32.1	28.8	59.5
Deduct:			
Lease costs expensed to the income statement under IAS 17	(222.7)	(192.1)	(410.1)
<b>Headline profit before tax and exceptional items (Proforma IAS 17)</b>	<b>388.1</b>	451.5	957.9

### SEGMENTAL PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

A reconciliation between profit before tax and profit before tax and exceptional items for each segment is as follows:

#### Sports Fashion

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Profit before tax	296.8	357.2	635.8
Exceptional items	85.2	74.9	292.5
<b>Profit before tax and exceptional items - Sports Fashion</b>	<b>382.0</b>	432.1	928.3

#### Outdoor

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Profit before tax	4.0	10.8	25.9
Exceptional items	-	-	-
<b>Profit before tax and exceptional items - Outdoor</b>	<b>4.0</b>	10.8	25.9

# FINANCIAL STATEMENTS



# CONDENSED CONSOLIDATED INCOME STATEMENT

For the 26 weeks to 30 July 2022

	Note	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
<b>Revenue</b>		<b>4,418.1</b>	3,885.8	8,563.0
Cost of sales		<b>(2,277.5)</b>	(2,000.6)	(4,355.0)
<b>Gross profit</b>		<b>2,140.6</b>	1,885.2	4,208.0
Selling and distribution expenses - normal		<b>(1,496.5)</b>	(1,206.7)	(2,808.1)
Administrative expenses - normal		<b>(241.8)</b>	(220.1)	(413.4)
Administrative expenses - exceptional	3	<b>(85.2)</b>	(74.9)	(292.5)
Administrative expenses		<b>(317.1)</b>	(295.0)	(705.9)
Sales commission		<b>3.9</b>	5.3	10.6
Other operating income		<b>11.9</b>	8.0	16.6
<b>Operating profit</b>		<b>332.9</b>	396.8	721.2
Before exceptional items		<b>418.1</b>	471.7	1,013.7
Exceptional items	3	<b>(85.2)</b>	(74.9)	(292.5)
<b>Operating profit</b>		<b>332.9</b>	396.8	721.2
Financial income		<b>1.1</b>	0.5	1.4
Financial expenses		<b>(35.7)</b>	(32.7)	(67.9)
<b>Profit before tax</b>		<b>298.3</b>	364.6	654.7
Income tax expense	4	<b>(82.0)</b>	(87.8)	(195.1)
<b>Profit for the period</b>		<b>216.3</b>	276.8	459.6
Attributable to equity holders of the parent		<b>184.5</b>	228.7	369.7
Attributable to non-controlling interest		<b>31.8</b>	48.1	89.9
Basic earnings per ordinary share*	6	<b>3.58p</b>	4.44p	7.17p
Diluted earnings per ordinary share*	6	<b>3.58p</b>	4.44p	7.17p

\* Basic and diluted earnings per share have been restated for the 26 weeks to 31 July 2021 following a share sub-division in the year ended 29 January 2022. Further details can be found in Note 6.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks to 30 July 2022

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
<b>Profit for the period</b>	<b>216.3</b>	276.8	459.6
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	<b>133.0</b>	(33.3)	(34.9)
<b>Total other comprehensive income for the period</b>	<b>133.0</b>	(33.3)	(34.9)
<b>Total comprehensive income and expense for the period (net of income tax)</b>	<b>349.3</b>	243.5	424.7
Attributable to equity holders of the parent	<b>290.6</b>	212.8	357.3
Attributable to non-controlling interest	<b>58.7</b>	30.7	67.4

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 July 2022

	Note	As at 30 July 2022 £m	As at 31 July 2021 £m	As at 29 January 2022 £m
<b>Assets</b>				
Intangible assets		1,614.8	1,208.5	1,473.6
Property, plant and equipment		776.0	627.3	688.5
Right-of-use assets		2,075.1	1,963.5	2,032.6
Other assets		62.0	56.8	57.0
Investments in associates and joint ventures		42.1	59.0	56.2
Loans to associates and joint ventures		4.4	-	-
Forward contract asset		3.9	-	2.5
Deferred tax assets		69.9	21.0	81.7
<b>Total non-current assets</b>		<b>4,648.2</b>	<b>3,936.1</b>	<b>4,392.1</b>
Inventories		1,428.5	996.7	989.4
Right of return assets		17.3	-	12.5
Trade and other receivables		314.7	214.7	202.9
Income tax receivables		-	-	0.6
Assets held-for-sale	8	165.7	-	157.1
Cash and cash equivalents		1,137.9	1,304.7	1,314.0
<b>Total current assets</b>		<b>3,064.1</b>	<b>2,516.1</b>	<b>2,676.5</b>
<b>Total assets</b>		<b>7,712.3</b>	<b>6,452.2</b>	<b>7,068.6</b>
<b>Liabilities</b>				
Interest-bearing loans and borrowings		(83.0)	(275.3)	(72.6)
Lease liabilities		(395.8)	(291.6)	(379.0)
Trade and other payables		(1,406.9)	(1,243.7)	(1,279.5)
Liabilities directly associated with assets held-for-sale	8	(139.2)	-	(142.6)
Provisions	10	(13.0)	(0.6)	(13.2)
Income tax liabilities		(4.3)	(5.2)	-
<b>Total current liabilities</b>		<b>(2,042.2)</b>	<b>(1,816.4)</b>	<b>(1,886.9)</b>
Interest-bearing loans and borrowings		(41.8)	(34.3)	(55.5)
Lease liabilities		(1,903.4)	(1,863.4)	(1,863.9)
Other payables		(916.4)	(493.8)	(775.4)
Provisions	10	(22.7)	(4.6)	(19.9)
Deferred tax liabilities		(124.6)	(62.0)	(127.4)
<b>Total non-current liabilities</b>		<b>(3,008.9)</b>	<b>(2,458.1)</b>	<b>(2,842.1)</b>
<b>Total liabilities</b>		<b>(5,051.1)</b>	<b>(4,274.5)</b>	<b>(4,729.0)</b>
<b>Total assets less total liabilities</b>		<b>2,661.2</b>	<b>2,177.7</b>	<b>2,339.6</b>
<b>Capital and reserves</b>				
Issued ordinary share capital		2.5	2.5	2.5
Share premium		467.5	467.5	467.5
Retained earnings		2,076.8	1,769.6	1,910.6
Other reserves		(359.5)	(418.2)	(454.6)
<b>Total equity attributable to equity holders of the parent</b>		<b>2,187.3</b>	<b>1,821.4</b>	<b>1,926.0</b>
Non-controlling interest		473.9	356.3	413.6
<b>Total equity</b>		<b>2,661.2</b>	<b>2,177.7</b>	<b>2,339.6</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks to 30 July 2022

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Share-based payment reserve £m	Foreign currency translation reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interest £m	Total equity £m
Balance at 29 January 2022	2.5	467.5	1,910.6	(414.5)	0.1	(40.2)	1,926.0	413.6	2,339.6
Profit for the period	-	-	184.5	-	-	-	184.5	31.8	216.3
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	106.1	106.1	26.9	133.0
Total other comprehensive income	-	-	-	-	-	106.1	106.1	26.9	133.0
Total comprehensive income for the period	-	-	184.5	-	-	106.1	290.6	58.7	349.3
Dividends to equity holders	-	-	(18.3)	-	-	-	(18.3)	-	(18.3)
Put options held by non-controlling interest	-	-	-	(10.9)	-	-	(10.9)	-	(10.9)
Share-based payment charge	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	1.6	1.6
<b>Balance at 30 July 2022</b>	<b>2.5</b>	<b>467.5</b>	<b>2,076.8</b>	<b>(425.4)</b>	<b>-</b>	<b>65.9</b>	<b>2,187.3</b>	<b>473.9</b>	<b>2,661.2</b>

For the 26 weeks to 31 July 2021

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Share-based payment reserve £m	Foreign currency translation reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interest £m	Total equity £m
Balance at 30 January 2021	2.4	11.7	1,560.8	(308.4)	-	(27.8)	1,238.7	257.7	1,496.4
Profit for the period	-	-	228.7	-	-	-	228.7	48.1	276.8
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	(15.9)	(15.9)	(17.4)	(33.3)
Total other comprehensive income	-	-	-	-	-	(15.9)	(15.9)	(17.4)	(33.3)
Total comprehensive income for the period	-	-	228.7	-	-	(15.9)	212.8	30.7	243.5
Dividends to equity holders	-	-	(14.9)	-	-	-	(14.9)	(1.8)	(16.7)
Put options held by non-controlling interest	-	-	-	(66.1)	-	-	(66.1)	-	(66.1)
Share capital issued <sup>(1)</sup>	0.1	455.8	-	-	-	-	455.9	-	455.9
Divestment of non-controlling interest	-	-	(5.0)	-	-	-	(5.0)	48.0	43.0
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	21.7	21.7
<b>Balance at 31 July 2021</b>	<b>2.5</b>	<b>467.5</b>	<b>1,769.6</b>	<b>(374.5)</b>	<b>-</b>	<b>(43.7)</b>	<b>1,821.4</b>	<b>356.3</b>	<b>2,177.7</b>

(1) On 3 February 2021, JD Sports Fashion Plc completed the placing of new ordinary shares in the capital of the Company. A total of 58,393,989 new ordinary shares were placed at an issue price of 795 pence per share, raising proceeds of £455.9 million (net of £8.3 million share issue costs).



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks to 30 July 2022

	Note	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
<b>Cash flows from operating activities</b>				
Profit for the period		216.3	276.8	459.6
Income tax expense	4	82.0	87.8	195.1
Financial expenses		35.7	32.7	67.9
Financial income		(1.1)	(0.5)	(1.4)
Depreciation and amortisation of non-current assets		309.1	265.1	579.9
Forex losses / (gains) on monetary assets and liabilities		9.5	(3.1)	(2.1)
Impairment of other intangibles and non-current assets (non-exceptional)		0.2	9.6	13.2
Loss on disposal of non-current assets		2.2	1.5	3.5
Other exceptional items	3	48.7	69.4	287.0
Impairment of goodwill and fascia names (exceptional)	3	22.9	-	-
Impairment of non-current assets (exceptional)	3	13.6	5.5	5.5
Share of profit of equity-accounted investees, net of tax		(0.8)	(1.4)	(3.2)
Increase in inventories		(401.0)	(79.2)	(31.8)
Increase in trade and other receivables		(103.4)	(62.1)	(69.3)
Increase in trade and other payables		43.2	3.5	75.0
Interest paid		(3.6)	(3.9)	(8.4)
Lease interest		(32.1)	(28.8)	(59.5)
Income taxes paid		(71.6)	(111.0)	(244.1)
<b>Net cash from operating activities</b>		<b>169.8</b>	<b>461.9</b>	<b>1,266.9</b>
<b>Cash flows from investing activities</b>				
Interest received		1.1	0.5	1.4
Proceeds from sale of non-current assets		4.5	2.4	7.8
Investment in software		(11.0)	(4.5)	(14.9)
Acquisition of property, plant and equipment		(139.9)	(77.7)	(227.3)
Acquisition of non-current other assets		(5.7)	(1.3)	(5.7)
Acquisition of other intangibles		(76.2)	-	(5.2)
Drawdown of brand licence liability		76.2	-	-
Drawdown of finance lease liabilities	12	4.1	1.5	5.4
Dividends received from equity-accounted investees		3.0	-	6.9
Acquisition of subsidiaries, net of cash acquired		(11.6)	(375.1)	(616.5)
<b>Net cash used in investing activities</b>		<b>(155.5)</b>	<b>(454.2)</b>	<b>(848.1)</b>
<b>Cash flows from financing activities</b>				
Repayment of interest-bearing loans and borrowings	12	(21.7)	(207.5)	(513.3)
Drawdown of interest-bearing loans and borrowings	12	12.5	176.3	303.7
Repayment of finance lease liabilities	12	(2.8)	(2.5)	(6.1)
Repayment of lease liabilities	12	(191.0)	(163.2)	(350.1)
Proceeds received from issue of shares		-	455.9	455.9
Divestment of non-controlling interests		-	43.0	43.0
Equity dividends paid		-	-	(14.9)
Dividends paid to non-controlling interest in subsidiaries		(0.2)	(1.8)	(1.8)
<b>Net cash (used in) / provided by financing activities</b>		<b>(203.2)</b>	<b>300.2</b>	<b>(83.6)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	12	<b>(188.9)</b>	<b>307.9</b>	<b>335.2</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	<b>1,280.4</b>	<b>948.7</b>	<b>948.7</b>
Foreign exchange gains / (losses) on cash and cash equivalents	12	4.6	2.4	(3.5)
<b>Cash and cash equivalents at the end of the period</b>	12	<b>1,096.1</b>	<b>1,259.0</b>	<b>1,280.4</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of Preparation

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The unaudited half year financial report for the 26 week period to 30 July 2022 represents that of the Company and its subsidiaries (together referred to as the 'Group').

This half year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority and was authorised for issue by the Board of Directors on 22 September 2022.

The condensed set of financial statements included in this half year financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted International Accounting Standards. The comparative figures for the 52 week period to 29 January 2022 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half year financial report for the 26 week period to 30 July 2022 and 31 July 2021 has been reviewed and the independent review report for the 26 week period to 30 July 2022 is set out on page 50.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the half year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period to 29 January 2022.

### Adoption of New and Revised Standards

The Group continues to monitor the potential impact of other new standards and interpretations which have been or may be endorsed and require adoption by the Group in future reporting periods. The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

### Alternative Performance Measures

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by International Accounting Standards in conformity with the requirements of the Companies Act 2006. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the trading performance of the Group.

Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items. Exceptional items are disclosed separately when they are considered unusual in nature and not reflective of the trading performance and profitability of the Group. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance. An explanation as to why items have been classified as Exceptional is given in Note 3.

### Use of Estimates and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period to 29 January 2022 with the exception of the estimation uncertainty relating to the determination of the fair value of assets and liabilities on the acquisition of DTLR which was applicable to the 52 week period to 29 January 2022.

### Other Accounting Estimates

#### Impairment of Goodwill

Goodwill arising on acquisition is allocated to groups of cash-generating units ('Group CGUs'), that are expected to benefit from the synergies of the business combination from which goodwill arose, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent. These cash-generating units are referred to as Group CGUs. The recoverable amounts of these Group CGUs are determined based on value-in-use calculations.

## 1. Basis of Preparation (continued)

### Shoe Palace CGU £593.3 million (29 January 2022: £546.7 million)

The value-in-use calculation shows headroom of £60.3 million (29 January 2022: £39.9 million). Marginal changes to the assumptions could eliminate the headroom and cause the carrying value of the Group CGU to exceed its recoverable amount. The following further sensitivities were performed which were considered to be reasonably possible changes in the key assumptions:

- If the pre-tax discount rate increased by 1% with all other assumptions remaining unchanged, this would result in an impairment of £6.6 million representing 1.1% of the carrying value of the Group CGU (29 January 2022: £19.2 million representing 3.5% of the carrying value of the Group CGU).
- Reducing the short-term and long-term growth rate by 1% with all other assumptions remaining unchanged would result in an impairment of £5.2 million representing 0.9% of the carrying value of the Group CGU (29 January 2022: £18.1 million representing 3.3% of the carrying value of the Group CGU).
- Reducing the forecast gross profit margin rate by 1% with all other assumptions remaining unchanged would not result in an impairment but would reduce the headroom to £24.8 million representing 4.2% of the carrying value of the Group CGU (29 January 2022: £8.1 million representing 1.5% of the carrying value of the Group CGU).

### Deporvillage CGU £148.9 million (29 January 2022: £136.4 million)

Deporvillage was acquired on 3 August 2021. A value-in-use calculation prepared for the period ended 30 July 2022 shows headroom of £1.5 million. Marginal changes to the assumptions could eliminate the headroom and cause the carrying value of the Group CGU to exceed its recoverable amount. The following further sensitivities were performed which were considered to be reasonably possible changes in the key assumptions:

- If the pre-tax discount rate increased by 1% with all other assumptions remaining unchanged, this would result in an impairment of £16.4 million representing 11.0% of the carrying value of the Group CGU.
- Reducing the short-term growth rate by 5% and the long-term growth rate by 1% with all other assumptions remaining unchanged would result in an impairment of £30.4 million representing 20.4% of the carrying value of the Group CGU.
- Reducing the forecast gross profit margin rate by 1% with all other assumptions remaining unchanged would result in an impairment of £17.7 million representing 11.9% of the carrying value of the Group CGU.

As disclosed above, whilst the value-in-use calculations do not currently calculate an impairment, the models are sensitive to changes in the assumptions and will be updated as part of the annual impairment review for the financial period ending 28 January 2023.

### Risks and Uncertainties

The Board has considered the risks and uncertainties for the remaining 26 week period to 28 January 2023 and determined that the risks presented in the Annual Report and Accounts 2022 noted below, remain relevant:

- Strategic risk
- Supply chain
- Intellectual property
- Environmental
- Social – human rights, labour standards and responsibility
- Health and safety
- Governance – anti-corruption, risk management, regulatory and compliance
- Retail property factors
- IT systems
- Cyber security
- COVID-19
- Personnel
- Treasury and financial

A major variable, and therefore risk, to the Group's financial performance for the remainder of the financial period is the sales and margin performance in the retail fascias, particularly in December and January. Further comment on this and other risks and uncertainties faced by the Group is provided in the Chair's statement included within this half year financial report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 1. Basis of Preparation (continued)

### Going Concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

At 30 July 2022, the Group had net cash balances of £1,013.1 million (29 January 2022: £1,185.9 million) with available committed UK borrowing facilities of £700 million (29 January 2022: £700 million) of which £nil (29 January 2022: £nil) has been drawn down and US facilities of approximately \$300 million of which \$nil was drawn down (29 January 2022: \$nil). These facilities are subject to certain covenants. With a UK facility of £700 million available up to 6 November 2026 and a US facility of approximately \$300 million available up until 24 September 2026, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have prepared cash flow forecasts for the Group covering a period of at least 12 months from the date of approval of these financial statements, which indicate that the Group will be able to operate within the level of its agreed facilities and covenant compliance. The Directors have prepared severe but plausible downside scenarios which cover the same period as the base case, including specific consideration of a range of impacts that could arise from geopolitical tensions and the actual and potential impact on supply chains, inflationary cost pressures and business interruption impacting the availability of stock from the Group's key Sports Fashion suppliers, as well as the recovery from the COVID-19 pandemic. These scenarios included applying inflationary cost pressure assumptions and a 20% reduction in sales. As part of this analysis, mitigating actions within the Group's control, should these severe but plausible scenarios occur, have also been considered. These forecast cash flows indicate that there remains sufficient headroom for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the forecast period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of geopolitical tensions and COVID-19 pandemic, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

### Other Accounting Policies

#### Government Support

Government support is recognised in the Consolidated Financial Statements when it can be reliably measured, which the Group considers to be on receipt.

During the year ended 29 January 2022, in accordance with IAS 20 'Government Grants', furlough income received by the Group's UK subsidiaries of £24.4 million (26 week period ended 31 July 2021: £24.4 million) and £7.5 million received by the Group's international subsidiaries (26 week period ended 31 July 2021: £5.5 million) was shown as a deduction from employed staff costs. Further, £31.0 million of rates relief received by the Group's UK subsidiaries has been shown as a deduction from selling and distribution costs (26 week period ended 31 July 2021: £28.3 million).

During the period ended 30 July 2022, the Group repaid the £24.4 million of furlough income that it received from the UK Government in the year ended 29 January 2022. The repayment was accrued for as at 29 January 2022 and was shown as an expense within employed staff costs in that financial year.

## 2. Segmental Analysis

IFRS 8 'Operating Segments' requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Operating Decision Maker is considered to be the Chair of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focused on the nature of the businesses within the Group. The Group's operating and reportable segments under IFRS 8 are Sports Fashion and Outdoor. In accordance with IFRS 8.12, we have aggregated several operating segments with similar economic characteristics into a larger Sports Fashion operating segment and concluded that, in doing so, the aggregation is still consistent with the core principles of IFRS 8.

When aggregating the operating segments into the larger Sports Fashion operating segment, we have primarily taken into consideration:

- IFRS 8.12.a the nature of products or services;
- IFRS 8.12.c type or class of customer; and
- IFRS 8.12.d the methods used to distribute their products.

The entities included in the Sports Fashion operating segment have similar characteristics as well-established, leading retailers or wholesalers of footwear, apparel and accessories from a mix of international sports fashion brands and private labels. When determining what to include within the Sports Fashion segment, we have considered that the fascias all target a similar demographic in terms of both age range and an aspiration to achieve a certain style, whether the product is to be used for lifestyle wear or active sports participation. The entities typically have similar economic characteristics in terms of sales metrics, long-term average gross margins, levels of capital investment and operating cash flows. The Outdoor segment differs from the Sports Fashion segment in that Outdoor is focused on retailing specialist apparel, footwear and technical products for outdoor pursuits. Further, the Outdoor segment typically appeals to an older and/or family-oriented demographic as compared with the younger and more style-focused demographic targeted by the Sports Fashion businesses.

The Chief Operating Decision Maker receives and reviews segmental operating profit. Certain central administrative costs including Group Directors' salaries are included within the Group's Sports Fashion result. This is consistent with the results as reported to the Chief Operating Decision Maker.

IFRS 8 requires disclosure of information regarding revenue from major customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major customers is not appropriate.

The Board considers that certain items are cross-divisional in nature and cannot be allocated between the segments on a meaningful basis. Certain net funding costs and taxation are treated as unallocated, reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £nil (2021: £176.3 million), a deferred tax asset of £69.9 million (2021: £21.0 million), a deferred tax liability of £124.6 million (2021: £62.0 million) and an income tax liability of £4.3 million (2021: £5.2 million) are included within the unallocated segment.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net drawdown of long-term loans and short-term working capital funding provided by JD Sports Fashion Plc (within Sports Fashion) to other companies in the Group, and intercompany trading between companies in different segments. Inter-segment transactions are undertaken in the ordinary course of business on arm's length terms.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Segmental Analysis (continued)

### Business Segments

Information regarding the Group's operating segments for the 26 weeks to 30 July 2022 is reported below:

#### Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m
Revenue	4,143.4	274.7	-	<b>4,418.1</b>
Operating profit before exceptional items	412.7	5.4	-	<b>418.1</b>
Exceptional items	(85.2)	-	-	<b>(85.2)</b>
Operating profit	327.5	5.4	-	<b>332.9</b>
Financial income	-	-	1.1	<b>1.1</b>
Financial expenses	(30.7)	(1.4)	(3.6)	<b>(35.7)</b>
Profit / (loss) before tax	296.8	4.0	(2.5)	<b>298.3</b>
Income tax expense				<b>(82.0)</b>
Profit for the period				<b>216.3</b>

#### Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	7,195.6	483.1	69.9	(36.3)	<b>7,712.3</b>
Total liabilities	(4,690.9)	(267.6)	(128.9)	36.3	<b>(5,051.1)</b>
<b>Total segment net assets / (liabilities)</b>	<b>2,504.7</b>	<b>215.5</b>	<b>(59.0)</b>	<b>-</b>	<b>2,661.2</b>

The comparative segmental results for the 26 weeks to 31 July 2021 are as follows:

#### Income statement

	Sports Fashion £m	Outdoor £m	Unallocated £m	Total £m
Revenue	3,650.6	235.2	-	<b>3,885.8</b>
Operating profit before exceptional items	459.8	11.9	-	<b>471.7</b>
Exceptional items	(74.9)	-	-	<b>(74.9)</b>
Operating profit	384.9	11.9	-	<b>396.8</b>
Financial income	-	-	0.5	<b>0.5</b>
Financial expenses	(27.7)	(1.1)	(3.9)	<b>(32.7)</b>
Profit / (loss) before tax	357.2	10.8	(3.4)	<b>364.6</b>
Income tax expense				<b>(87.8)</b>
Profit for the period				<b>276.8</b>

#### Total assets and liabilities

	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	6,201.1	375.7	21.0	(145.6)	<b>6,452.2</b>
Total liabilities	(3,824.8)	(351.8)	(243.5)	145.6	<b>(4,274.5)</b>
<b>Total segment net assets / (liabilities)</b>	<b>2,376.3</b>	<b>23.9</b>	<b>(222.5)</b>	<b>-</b>	<b>2,177.7</b>

## 2. Segmental Analysis (continued)

### Geographical Information

The Group's operations are located in the UK, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Dubai, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Latvia, Lithuania, Malaysia, the Netherlands, New Zealand, Poland, Portugal, the Republic of Ireland ('ROI'), Romania, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain and the Canary Islands, Sweden, Thailand and the US.

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods / services:

Revenue by geography	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m
UK & ROI	1,748.0	1,458.9
Europe	1,152.5	908.0
North America	1,300.4	1,357.3
Rest of world	217.2	161.6
	<b>4,418.1</b>	<b>3,885.8</b>

The revenue from any individual country, with the exception of the UK and the US, is not more than 10% of the Group's total revenue.

The following table provides analysis of the Group's revenue by product type:

Revenue by product type	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m
Footwear	2,397.3	2,255.2
Apparel	1,533.1	1,311.6
Accessories	270.0	176.7
Other	217.7	142.3
	<b>4,418.1</b>	<b>3,885.8</b>

The following is an analysis of the carrying amount of segmental non-current assets by the geographical area in which the assets are located. Taxation is treated as unallocated, reflecting the nature of the Group's tax group.

Non-current assets	As at 30 July 2022 £m	As at 31 July 2021 £m
UK & ROI	1,296.1	1,111.2
Europe	1,373.7	1,135.0
North America	1,758.8	1,553.2
Rest of world	149.7	115.7
Unallocated	69.9	21.0
	<b>4,648.2</b>	<b>3,936.1</b>

### 3. Exceptional Items

The Group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. In determining whether an item should be presented as exceptional, the Group considers items which are significant because of either their size or their nature, and which are non-recurring. In order for an item to be presented as exceptional, it should typically meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition or a divestment, or arises from a major business change or restructuring programme.
- It is unusual in nature or outside the normal course of business.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 3. Exceptional Items (continued)

The separate reporting of items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance in the normal course of business.

	<b>26 weeks to 30 July 2022 £m</b>	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Movement in fair value of put and call options <sup>(1)</sup>	<b>40.2</b>	59.1	292.7
Impairment of non-current assets <sup>(2)</sup>	<b>36.5</b>	-	-
Impairment of assets held-for-sale <sup>(3)</sup>	<b>8.5</b>	-	-
Restructuring of Spodis <sup>(4)</sup>	<b>-</b>	15.8	16.4
Insurance settlement for DTLR <sup>(5)</sup>	<b>-</b>	-	(16.6)
Administrative expenses – exceptional	<b>85.2</b>	74.9	292.5

(1) Movement in the fair value of the liabilities in respect of the put and call options on Genesis Topco Inc £28.7 million (2021: £65.0 million), Iberian Sports Retail Group £16.8 million (2021: credit of £7.7 million), Other credit of £5.3 million (2021: charge of £1.8 million). The movement in the fair value of the put option liabilities is presented as exceptional as it is a significant item that is outside of the normal course of business.

(2) The impairment constitutes a charge of £10.2 million in respect of the goodwill and fascia name arising in the prior year on the acquisition of Missy Empire, £12.7 million in respect of the partial impairment of the goodwill arising in the prior year on the acquisition of Hairburst and £13.6 million in respect of the partial impairment of the investment in the Joint Venture, Gym King. The impairment is presented as exceptional as it is a significant item that is outside of the normal course of business.

(3) Impairment recognised in order to present the Footasylum assets held-for-sale at the lower of carrying value and fair value less costs to sell in accordance with IFRS 5. This item is presented as exceptional as it is related to a non-recurring divestment of a subsidiary.

(4) The impact consequent to the restructuring of Spodis SA in the prior period including a charge of £5.5 million in relation to the impairment of tangible assets and business restructuring costs of £10.3 million (29 January 2022: £10.9 million). This item is presented as exceptional as it is related to a non-recurring restructuring project.

(5) Insurance settlement proceeds related to a pre-acquisition claim for business interruption by DTLR Villa LLC. As the claim was a contingent asset at the date of acquisition, this was not recognised in the assets acquired in the fair value table noted in Note 7. These insurance proceeds are presented as exceptional as they are unusual in nature and are outside of the normal course of business.

## 4. Income Tax Expense

	<b>26 weeks to 30 July 2022 £m</b>	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
<b>Current tax</b>			
UK corporation tax at 19% (2021: 19%)	<b>80.4</b>	91.2	220.0
Adjustment relating to prior periods	<b>(0.7)</b>	(0.8)	(7.3)
Total current tax charge	<b>79.7</b>	90.4	212.7
<b>Deferred tax</b>			
Deferred tax (origination and reversal of temporary differences)	<b>1.6</b>	(2.6)	(12.9)
Adjustment relating to prior periods	<b>0.7</b>	-	(4.7)
Total deferred tax charge / (credit)	<b>2.3</b>	(2.6)	(17.6)
Income tax expense	<b>82.0</b>	87.8	195.1



## 5. Dividends

After each reporting date, the following dividends were proposed by the Directors. The dividends were not provided for at each reporting date.

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
0.13p per ordinary share (31 July 2021: nil, 29 January 2022: 0.35p)	6.7	-	18.1

### Dividends on Issued Ordinary Share Capital

	26 weeks to 30 July 2022 £m	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Final dividend of 0.29p per qualifying ordinary share (restated), paid during the 52 week period ended 29 January 2022 in respect of the prior period, but not recognised as a liability in that period	-	-	14.9

## 6. Earnings Per Ordinary Share

### Basic and Adjusted Earnings per Ordinary Share

On 3 February 2021, JD Sports Fashion Plc completed the placing of new ordinary shares in the capital of the Company. A total of 58,393,989 new ordinary shares were issued, increasing the total ordinary shares in issue to 1,031,627,149. The shares were placed at an issue price of 795 pence per share with a par value of 25 pence leading to share capital of £0.1 million and share premium of £455.8 million being recognised on issue (this is net of £8.3 million of costs incurred).

Following an ordinary resolution on 30 November 2021, a share split occurred whereby five ordinary shares were issued for each ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

The calculation of basic earnings per ordinary share at 30 July 2022 is based on the profit for the period attributable to equity holders of the parent of £184.5 million (26 weeks to 31 July 2021: £228.7 million; 52 weeks to 29 January 2022: £369.7 million), and a weighted average number of ordinary shares outstanding during the 26 week period ended 30 July 2022 of 5,158,135,745 (26 weeks to 31 July 2021 of 5,158,135,745 restated; 52 weeks to 29 January 2022 of 5,158,135,745).

Adjusted basic earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more meaningful measure of the underlying performance of the Group.

	26 weeks to 30 July 2022 Number millions	26 weeks to 31 July 2021 Number millions	52 weeks to 29 January 2022 Number millions
Issued ordinary shares at beginning of period (restated)	5,158.1	4,866.2	4,866.2
Ordinary shares issued on 3 February 2021 (restated)	-	291.9	291.9
Issued ordinary shares at end of period	5,158.1	5,158.1	5,158.1

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 6. Earnings Per Ordinary Share (continued)

	<b>26 weeks to 30 July 2022 £m</b>	26 weeks to 31 July 2021 £m	52 weeks to 29 January 2022 £m
Profit for the period attributable to equity holders of the parent	<b>184.5</b>	228.7	369.7
Exceptional items	<b>85.2</b>	74.9	292.5
Tax relating to exceptional items	<b>(0.1)</b>	(3.0)	0.3
Profit for the period attributable to equity holders of the parent excluding exceptional items	<b>269.6</b>	300.6	662.5
Basic earnings per ordinary share (restated)	<b>3.58p</b>	4.44p	7.17p
Adjusted earnings per ordinary share (restated)	<b>5.23p</b>	5.83p	12.84p

### Diluted Earnings per Ordinary Share

Diluted earnings per ordinary share is 3.58p (31 July 2021: 4.44p restated, 29 January 2022: 7.17p). Diluted adjusted earnings per share is 5.23p (31 July 2021: 5.83p restated, 29 January 2022: 12.84p).

The calculation of diluted earnings per ordinary share at 30 July 2022 is based on the profit for the period attributable to equity holders of the parent of £184.5 million (26 weeks to 31 July 2021: £228.7 million; 52 weeks to 29 January 2022: £369.7 million) and a weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares calculated as follows:

	<b>26 weeks to 30 July 2022 Number millions</b>	26 weeks to 31 July 2021 Number millions	52 weeks to 29 January 2022 Number millions
Issued ordinary shares at end of period (restated)	<b>5,158.2</b>	5,158.1	5,158.1
Shares granted on 20 October 2021 under the JD Sports Fashion Plc LTIP 2021	-	-	0.1
Issued ordinary shares at end of period	<b>5,158.2</b>	5,158.1	5,158.2

## 7. Acquisitions

### Current Period Acquisitions – Non-Significant Acquisitions

#### Total Swimming Holdings Ltd

On 27 May 2022, JD Sports Fashion Plc completed, via its existing subsidiary JD Sports Gyms Limited, the acquisition of 60% of the issued share capital of Total Swimming Holdings Limited for an initial cash consideration of £11.1 million. Total Swimming Holdings was founded by former Olympic swimmers Steve Parry, Rebecca Adlington and Adrian Turner to make swimming more accessible and includes Swim!, the first multi-site operator of dedicated children's 'learn to swim' centres in the UK. The acquisition provides a broadening of the Group's leisure interests, which now includes gyms and pools. Additional deferred contingent consideration of up to £4.0 million is payable if certain targets and performance criteria are achieved. The fair value of the contingent consideration as at the acquisition date and as at 30 July 2022 was determined to be £3.5 million.

Put and call options, to enable future exit opportunities for the management team, have also been agreed and become exercisable from 2026 onwards. We assessed the substance of the put option agreement, taking into account the management leaver terms, and concluded that an element of the future option payment is linked to continued future service and will be expensed on a straight-line basis over the service period. A valuation of the remaining put option liability has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.2 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £5.5 million representing the fascia names acquired on acquisition and £1.1 million representing the customer relationships. The Board believes that the excess of consideration paid over net assets on acquisition of £12.4 million is best considered as goodwill on acquisition representing the market position of the business, the assembled workforce and the potential future growth opportunities from opening new sites under the Swim! concept.

Included in the 26 week period ended 30 July 2022 is revenue of £3.2 million and a profit before tax of £0.3 million in respect of Total Swimming Holdings.

## 7. Acquisitions (continued)

### Current Period – Non-Significant Acquisitions (continued)

#### Other Acquisitions

During the period, the Group made one other small acquisition which was not material.

The aggregate impact of the non-significant acquisitions in the current period is as follows, with further detail provided in the narrative on page 32.

	Fair values acquired £m
Acquiree's net assets at acquisition date:	
Intangible assets	6.6
Property, plant and equipment	5.1
Right-of-use assets	6.7
Inventories	0.4
Cash and cash equivalents	1.1
Trade and other receivables	3.3
Trade and other payables	(7.1)
Bank loans and overdrafts	(3.8)
Deferred tax asset liability	(1.6)
Lease liabilities	(6.7)
Provisions	(0.5)
<b>Net identifiable assets</b>	<b>3.5</b>
Non-controlling interest (various)	(1.4)
Goodwill on acquisition	12.5
Consideration – satisfied in cash	11.1
Consideration – deferred	3.5
<b>Total consideration</b>	<b>14.6</b>

#### Full Year Impact of Acquisitions

Had the acquisitions of the entities acquired been affected at 30 January 2022, the revenue and profit before tax of the Group for the 26 week period to 30 July 2022 would have been £4.4 billion and £297.6 million respectively.

#### Acquisition Costs

Acquisition related costs amounting to £0.1 million have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

#### Prior Period – Significant Acquisitions

##### DTLR Villa LLC

##### Initial acquisition

On 17 March 2021, JD Sports Fashion Plc ('JD') acquired 100% of the issued share capital of DTLR Villa LLC, via a wholly owned intermediate holding company in the US. Total cash consideration was £305.2 million, split between £117.9 million debt funding and £187.3 million equity funding. DTLR is based in Baltimore, Maryland and is a hyperlocal athletic footwear and apparel streetwear retailer operating from 247 stores across 19 states on acquisition. The acquisition of DTLR, with its differentiated consumer proposition, will enhance the Group's neighbourhood presence in the North and East of the US.

The existing DTLR management team has also reinvested a portion of its proceeds back into DTLR in exchange for a new minority stake of 1.5%. Put and call options, to enable future exit opportunities for the management team, have also been agreed and become exercisable after a minimum period of three years. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.2 million was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7. Acquisitions (continued)

### Prior Period – Significant Acquisitions (continued)

#### DTLR Villa LLC (continued)

##### Initial acquisition (continued)

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £101.6 million representing the DTLR fascia name and an intangible asset of £3.8 million representing the customer relationships arising from the loyalty scheme in place. The Board believes that the excess of consideration paid over net assets on acquisition of £212.0 million is best considered as goodwill on acquisition representing future operating synergies.

The goodwill calculation is summarised below. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

##### Subsequent intra-group transfer

On 2 July 2021, JD completed the transfer of the intermediate Parent Company and DTLR to Genesis Topco Inc ('Genesis'), which is an existing 80.0% subsidiary based in the US and Parent Company of the sub-group which contains Finish Line Inc. and the Shoe Palace Corporation. It was always the intention for DTLR to be part of the Genesis sub-group, but the requirement for speed and certainty of execution on the original transaction meant that it was more appropriate for the Group to initially acquire DTLR directly. This transfer to Genesis now brings all of the Group's businesses in the US into one sub-group, which will enhance the future operational collaboration between them. However, as the parent to Genesis, JD will continue to make strategic decisions regarding the Company's future. The consideration payable by Genesis to JD in relation to the transfer was the same as the total consideration paid by JD on the original acquisition.

By virtue of the fact that JD only owns 80% of Genesis, JD effectively disposed of a proportion of its investment in DTLR to the four Mersho Brothers ('the Mershos') who, with their 20% aggregate shareholding in Genesis, are jointly a related party of JD. In order to maintain their shareholding in Genesis at the current level, the Mershos invested their pro-rata element of the equity consideration of \$52.0 million into Genesis. This transfer took place on an arm's length basis and reflects the net assets acquired as at the original acquisition date of 17 March 2021.

	Book value £m	Measurement adjustments £m	Fair value at 17 March 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	43.7	62.9	106.6
Property, plant and equipment	53.7	(4.4)	49.3
Other non-current assets	0.5	(0.2)	0.3
Right-of-use assets	-	139.9	139.9
Inventories	40.3	-	40.3
Cash and cash equivalents	95.2	-	95.2
Trade and other receivables	7.6	(3.3)	4.3
Income tax asset	0.4	-	0.4
Trade and other payables	(37.6)	(0.9)	(38.5)
Bank loans and overdrafts	(140.2)	-	(140.2)
Deferred tax liability	(3.3)	(21.2)	(24.5)
Lease liabilities	(11.8)	(128.1)	(139.9)
<b>Net identifiable assets</b>	<b>48.5</b>	<b>44.7</b>	<b>93.2</b>
Goodwill on acquisition			212.0
<b>Total consideration</b>			<b>305.2</b>

Included in the 52 week period ended 29 January 2022 was revenue of £382.8 million and a profit before tax of £63.9 million in respect of DTLR.

## 7. Acquisitions (continued)

### Prior Period – Significant Acquisitions (continued)

#### Marketing Investment Group S.A.

On 30 April 2021, JD Sports Fashion Plc acquired 60% of the issued share capital of Marketing Investment Group S.A. ('MIG') for total consideration of £66.0 million. Total consideration comprised cash consideration of £63.6 million and £2.4 million of deferred consideration that is subject to customary closing conditions and expected to be paid in 2022.

MIG operated 410 stores on acquisition along with the associated trading websites in nine countries in Central and Eastern Europe. The acquisition of MIG provided the platform to develop the JD fascia in Central and Eastern Europe. The MIG team has been instrumental in the opening of the first JD stores in Eastern Europe with stores in Poland, Romania and Hungary. We would anticipate further openings for the JD fascia across Eastern Europe although events in Ukraine do drive some caution.

Put and call options to enable future exit opportunities for the 40% shareholders have also been agreed and become exercisable after the year ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £50.2 million was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £25.1 million representing the Sizeer fascia name and an intangible asset of £4.1 million representing the 50 Style fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £41.4 million is best considered as goodwill on acquisition representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made. The goodwill calculation is summarised below.

	Book value £m	Measurement adjustments £m	Fair value at 30 April 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	2.6	29.2	31.8
Property, plant and equipment	16.6	-	16.6
Other non-current assets	1.1	-	1.1
Right-of-use assets	-	66.2	66.2
Inventories	69.1	(1.9)	67.2
Cash and cash equivalents	6.5	-	6.5
Trade and other receivables	4.9	1.1	6.0
Income tax asset	0.1	-	0.1
Trade and other payables	(58.6)	1.7	(56.9)
Bank loans and overdrafts	(27.0)	-	(27.0)
Deferred tax asset / (liability)	1.0	(5.5)	(4.5)
Lease liabilities	-	(66.2)	(66.2)
<b>Net identifiable assets</b>	<b>16.3</b>	<b>24.6</b>	<b>40.9</b>
Non-controlling interest (40%)	(6.5)	(9.8)	(16.3)
Goodwill on acquisition			41.4
Consideration - satisfied in cash			63.6
Consideration - deferred			2.4
<b>Total consideration</b>			<b>66.0</b>

Included in the 52 week period ended 29 January 2022 was revenue of £175.0 million and a profit before tax of £6.0 million in respect of MIG.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7. Acquisitions (continued)

### Prior Period – Significant Acquisitions (continued)

#### Deporvillage S.L.

On 25 June 2021, Iberian Sports Retail Group S.L. ('ISRG'), the Group's existing intermediate holding company in Spain, exchanged contracts on the conditional acquisition of Deporvillage S.L. ('Deporvillage'), which is based in Manresa, Catalonia. ISRG is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias with the acquisition of Deporvillage, an online retailer of specialist sports equipment with country specific websites in six European countries, giving additional depth and expertise in the key categories of cycling, running and outdoor. The transaction was subject to certain conditions, principally relating to anti-trust clearance, with formal completion taking place on 3 August 2021. Total maximum cash consideration for the acquisition of an initial 80% holding was £119.6 million of which a maximum of £34.5 million was deferred and contingent on achieving certain future performance criteria. As at the date of the acquisition and the January 2022 year-end, the fair value of the contingent consideration was determined to be £19.0 million. This was subsequently paid in July 2022.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.2 million was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £38.8 million representing the Deporvillage online fascia name and an intangible asset of £8.7 million representing the fair value of the customer base. The Board believes that the excess of consideration paid over net assets on acquisition of £70.4 million is best considered as goodwill on acquisition representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made. The goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Fair value at 3 August 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	0.9	48.4	49.3
Property, plant and equipment	0.3	-	0.3
Right-of-use assets	-	1.1	1.1
Inventories	28.6	-	28.6
Cash and cash equivalents	2.4	-	2.4
Trade and other receivables	4.7	-	4.7
Trade and other payables	(29.3)	-	(29.3)
Bank loans and overdrafts	(1.3)	-	(1.3)
Income tax liability	(1.0)	-	(1.0)
Deferred tax asset / (liability)	0.6	(12.1)	(11.5)
Lease liabilities	-	(1.1)	(1.1)
<b>Net identifiable assets</b>	<b>5.9</b>	<b>36.3</b>	<b>42.2</b>
Non-controlling interest (20%)	(1.2)	(7.3)	(8.5)
Goodwill on acquisition			70.4
Consideration – satisfied in cash			85.1
Consideration – deferred (settled in cash – July 2022)			19.0
<b>Total consideration</b>			<b>104.1</b>

Included in the 52 week period ended 29 January 2022 was revenue of £67.8 million and a profit before tax of £2.5 million in respect of Deporvillage.

## 7. Acquisitions (continued)

### Prior Period – Significant Acquisitions (continued)

#### Cosmos Sport S.A.

On 21 October 2021, the Group acquired 80% of the issued share capital of Cosmos Sport S.A. ('Cosmos') for cash consideration of £65.0 million. At acquisition Cosmos operated 58 stores in Greece and three in Cyprus under a variety of retail banners and associated trading websites. The two main fascias are Cosmos, which is the core fascia of the business and has an elevated sporting goods and lifestyle proposition, and Sneaker 10, which has a more premium footwear offer.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £10.0 million was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £9.1 million representing the Cosmos fascia name and an intangible asset of £4.2 million representing the Sneaker 10 fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £39.5 million is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised below:

	Book value £m	Measurement adjustments £m	Provisional fair value at 21 October 2021 £m
Acquiree's net assets at acquisition date:			
Intangible assets	-	13.3	13.3
Property, plant and equipment	14.0	-	14.0
Other non-current assets	1.0	-	1.0
Right-of-use assets	-	38.2	38.2
Inventories	24.3	-	24.3
Cash and cash equivalents	13.2	-	13.2
Trade and other receivables	5.7	-	5.7
Income tax asset	0.3	-	0.3
Trade and other payables	(27.9)	-	(27.9)
Bank loans and overdrafts	(8.5)	-	(8.5)
Deferred tax asset liability	(0.3)	(3.2)	(3.5)
Lease liabilities	-	(38.2)	(38.2)
<b>Net identifiable assets</b>	<b>21.8</b>	<b>10.1</b>	<b>31.9</b>
Non-controlling interest (20%)	(4.4)	(2.0)	(6.4)
Goodwill on acquisition			39.5
<b>Total consideration</b>			<b>65.0</b>

Included in the 52 week period ended 29 January 2022 was revenue of £26.0 million and a profit before tax of £0.9 million in respect of Cosmos.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7. Acquisitions (continued)

### Prior Period – Other Acquisitions

The aggregate impact of the other acquisitions in the prior period is as follows, with further details provided in the narrative on the following pages.

	Fair values acquired £m
Acquiree's net assets at acquisition date:	
Intangible assets	34.4
Property, plant and equipment	8.5
Other non-current assets	0.2
Right-of-use assets	26.3
Inventories	31.6
Cash and cash equivalents	35.3
Trade and other receivables	9.6
Trade and other payables	(24.5)
Bank loans and overdrafts	(6.2)
Income tax liabilities	(4.4)
Deferred tax liabilities	(6.6)
Lease liabilities	(26.3)
<b>Net identifiable assets</b>	<b>77.9</b>
Non-controlling interest (various)	(11.6)
Goodwill on acquisition	126.7
Consideration – satisfied in cash	174.3
Consideration – deferred	18.7
<b>Total consideration</b>	<b>193.0</b>

### 80s Casual Classics Limited

On 2 March 2021, JD Sports Fashion Plc acquired 70% of the issued share capital of 80s Casual Classics Limited ('80s CC') for cash consideration of £15.4 million. 80s CC is predominantly an online retailer of retro and original clothing from brands such as adidas and Sergio Tacchini, inspired by the British subculture of the '70s, '80s and '90s. The acquisition included put and call options over the remaining 30% of shares, exercisable in annual tranches after a minimum period of three years.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.0 million representing the 80s CC fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £9.0 million is best considered as goodwill representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

Included in the 52 week period ended 29 January 2022 was revenue of £13.0 million and a profit before tax of £3.9 million in respect of 80s Casual Classics.



## 7. Acquisitions (continued)

### Prior Period – Other Acquisitions (continued)

#### Uggbugg Fashion Limited

On 18 June 2021, JD Sports Fashion Plc acquired 51% of the issued share capital of Uggbugg Fashion Limited, including a wholly owned subsidiary, Missy Empire Limited (together 'Missy Empire'), for initial cash consideration of £11.7 million. Additional consideration of up to £2.2 million was payable if certain performance criteria were achieved. The fair value of the contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £nil.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £0.9 million representing the Missy Empire fascia name. The Board believed that the excess of consideration paid over net assets on acquisition of £9.6 million was best considered as goodwill on acquisition representing future operating synergies. The net book value of these intangible assets has been fully impaired during the period ended 30 July 2022 (see Note 3).

Put and call options over 9% of the remaining 49% shareholding have also been agreed and become exercisable after the year ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £1.4 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 was revenue of £6.2 million and a break even result in respect of Missy Empire.

#### The Watch Shop Holdings Limited and Watch Shop Logistics Ltd

On 18 June 2021, JD Sports Fashion Plc acquired 100% of the issued share capital of The Watch Shop Holdings Limited and Watch Shop Logistics Ltd (together 'WatchShop') via a wholly owned intermediate holding company. Total cash consideration paid was £26.2 million. Contingent consideration is payable subject to certain criteria being met. The fair value of the contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £nil.

WatchShop is an online retailer of designer fashion watches from brands such as Armani, Michael Kors and Hugo Boss. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5 million representing the WatchShop fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £10.6 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 29 January 2022 was revenue of £19.2 million and a loss before tax of £0.7 million in respect of WatchShop.

#### Bodytone International Sport S.L.

On 3 August 2021, ISRG, the Group's existing intermediate holding company in Spain, acquired 50.1% of the issued share capital of Bodytone International Sport S.L. ('Bodytone') for initial cash consideration of £8.9 million. Additional consideration of up to £3.1 million is payable if certain performance criteria are achieved and the fair value of this contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £2.9 million.

Based in Murcia in Spain, Bodytone manufactures and distributes professional fitness equipment with a presence in over 40 countries worldwide. ISRG believes that the acquisition of Bodytone will enhance its product categories and improve its specialised sporting goods offer. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £4.9 million representing the Bodytone name. The Board believes that the excess of consideration paid over net assets on acquisition of £8.8 million is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 49.9% shareholding have also been agreed and become exercisable in tranches from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.3 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 was revenue of £7.5 million and a profit before tax of £1.0 million in respect of Bodytone.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 7. Acquisitions (continued)

### Prior Period – Other Acquisitions (continued)

#### Hairburst Holding Group Limited

On 17 September 2021, JD Sports Fashion Plc acquired 75% of the issued share capital of Hairburst Holding Group Limited, including three wholly owned subsidiaries (together 'Hairburst') for cash consideration of £26.2 million.

Hairburst retails own label haircare products and vitamins via a direct to consumer website and as a wholesaler both in the UK and internationally. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £6.6 million representing the Hairburst name. The Board believed that the excess of consideration paid over net assets on acquisition of £18.1 million was best considered as goodwill on acquisition representing future operating synergies. An impairment of £12.7 million in respect of the goodwill has been recognised during the period ended 30 July 2022 (see Note 3).

Put and call options over the remaining 25% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £8.4 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 was revenue of £6.3 million and a profit before tax of £0.1 million in respect of Hairburst.

#### Wheelbase Lakeland Limited

On 3 June 2021, JD Sports Fashion Plc exchanged contracts on the conditional acquisition of 77.5% of the issued share capital of Wheelbase Lakeland Limited ('Wheelbase'). Completion of the acquisition was subject to obtaining consent for the change in control from the Financial Conduct Authority. This was obtained, the acquisition subsequently completed on 30 September 2021 and the cash consideration paid was £22.2 million.

Operating from three stores on acquisition and a trading website, Wheelbase is firmly established as one of the premier cycling retailers in the UK, and the product offering centres on premium cycles and accessories from key brands such as Cube, Cannondale, Trek and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.4 million representing the Wheelbase fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £18.7 million is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 22.5% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.0 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included in the 52 week period ended 29 January 2022 was revenue of £4.0 million and a profit before tax of £0.2 million in respect of Wheelbase.

#### XLR8 Sports Limited

On 19 November 2021, JD Sports Fashion Plc acquired 100% of XLR8 Sports Limited trading as Leisure Lakes Bikes ('Leisure Lakes') for initial cash consideration of £25.6 million plus additional consideration up to a maximum of £15.0 million if certain performance criteria are achieved. The fair value of this contingent consideration as at the acquisition date and as at 29 January 2022 was determined to be £11.2 million.

Operating from 10 stores and a trading website, Leisure Lakes is considered to be one of the leading omnichannel retailers of bicycles and bicycle parts, equipment, clothing and accessories, and is a key partner for most of the major brands including Trek, Cube and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5 million representing the Leisure Lakes fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £25.9 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 29 January 2022 was revenue of £4.4 million and a loss before tax of £0.3 million in respect of Leisure Lakes.

## 7. Acquisitions (continued)

### Prior Period – Other Acquisitions (continued)

#### GymNation

On 24 December 2021, the Group's existing subsidiary JD Sports Gyms Limited ('JD Gyms') acquired 100% of GymNation Limited and its 100% owned subsidiary GymNation LLC (together 'GymNation') for cash consideration of \$42.2 million and contingent consideration of \$6.1 million. Contingent consideration is cash-settled and is linked to GymNation's future performance. It is initially measured at fair value and is subsequently remeasured to fair value at each reporting date until the contingency is settled. The fair value of contingent consideration recognised at 29 January 2022 was \$6.6 million (£4.9 million). The maximum amount of the future payment is £75 million.

On 20 July 2022, a restructure of the GymNation sub-group was completed, resulting in the incorporation of GymNation Holding Limited. GymNation Holding Limited has acquired 100% of the shares in GymNation LLC using monies loaned from JD Gyms and GymNation founder management. As a result, the contingent consideration recognised as at 29 January 2022 was replaced with a put and call option liability and JD Gyms has diluted its share in GymNation and now holds a 78.2% share of GymNation Holding Limited, with founder management holding 21.8%. The put and call options, to enable future exit opportunities for the management team, become exercisable from 2025 onwards. We assessed the substance of the put option agreement, taking into account the management leaver terms, and concluded that an element of the future option payment is linked to continued future service and will be expensed on a straight-line basis over the service period. A valuation of the remaining put option liability has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £6.4 million has been recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

GymNation is a chain of seven gyms in the UAE (six in Dubai and one in Abu Dhabi). Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £7.9 million representing the GymNation fascia name. The Board believes that the excess of consideration paid over net assets on acquisition of £21.8 million is best considered as goodwill on acquisition representing future operating synergies.

Included in the 52 week period ended 29 January 2022 was revenue of £1.3 million and a profit before tax of £0.2 million in respect of GymNation.

#### Other Acquisitions

During the period, the Group made one other small acquisition. This transaction was not material.

#### Full Year Impact of Acquisitions

Had the acquisitions of the entities listed above been effected at 31 January 2021, the revenue and profit before tax of the Group for the 52 week period to 29 January 2022 would have been £8.9 billion and £666.1 million respectively.

#### Acquisition Costs

Acquisition-related costs amounting to £7.9 million have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

## 8. Assets Held-For-Sale

### Transaction History

On 18 February 2019, JD Sports Fashion Plc acquired 19,579,964 Footasylum Plc shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital. On 18 March 2019, in conjunction with the Board of Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional in all respects on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital. On 26 April 2019, the first bulk transfer was made to acquire an additional 80.5 million shares (in addition to the 19.5 million already owned). The formal process to acquire the remaining Footasylum shares (incl. the dissenting shareholders) was completed on 4 June 2019. Footasylum was delisted on 16 May 2019 and converted from an unlisted Plc to a private company on 19 September 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 8. Assets Held-For-Sale (continued)

### Hold Separate Order and Consolidation

On 17 May 2019, JD Sports Fashion Plc received a 'hold separate' enforcement order from the Competition and Markets Authority ('CMA') regarding the Footasylum acquisition. In accordance with IFRS 10 'Consolidated Financial Statements', an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Whilst this transaction was being reviewed by the CMA, the Directors of JD Sports Fashion Plc assessed whether the Group had control over Footasylum and could therefore consolidate the results of Footasylum. In making their judgement, the Directors considered that there was a simultaneous exchange and completion on the transaction and completion was not conditional on the outcome of the CMA review. The risks and rewards ultimately rested with JD Sports Fashion Plc as legal owner and there would be no pass through to the former shareholders. This evidences that the Group had exposure, or rights, to variable returns from its involvement with the investee. Further, the Group had the power of veto over strategic decision making. After careful consideration, the Directors concluded that the consolidation of Footasylum into the Group financial statements from the date of acquisition was appropriate and was disclosed as a judgement in the acquisition note in the financial statements for the period ended 1 February 2020.

### Held-For-Sale

On 4 November 2021, the final ruling from the CMA was that it had again prohibited the Group's acquisition of Footasylum. The final CMA undertakings were issued on 14 January 2022, which was effectively the start date for the Footasylum sale process. As at 29 January 2022, Footasylum was classified as held-for-sale as:

- the carrying amount of Footasylum would be recovered through the sale transaction;
- it was available for sale in its present condition;
- the Group had committed to sell Footasylum and this sale plan has been initiated;
- Footasylum was being actively marketed at a price that is reasonable in relation to its fair value; and
- there was an expectation that the sale process would be completed within six months of the classification as held-for-sale.

On 29 July 2022, JD Sports Fashion Plc exchanged contracts to sell Footasylum and its associated subsidiaries to Aurelius Group ('Aurelius') for £37.5 million. The transaction subsequently completed on 5 August 2022. As the transaction legally completed after the 30 July 2022 period end date, the assets and liabilities of Footasylum continued to be classified as held-for-sale as at 30 July 2022.

### Assets and Liabilities of Footasylum Held-For-Sale

As at 30 July 2022, Footasylum was stated at the lower of its carrying value (excluding cash and cash equivalents) and fair value less costs to sell in accordance with IFRS 5. Cash and cash equivalents as at 30 July 2022 of £6.0 million (29 January 2022: £27.2 million) have been presented within the Group's cash and cash equivalents (Note 12).

	As at 30 July 2022 £m	As at 31 July 2021 £m	As at 29 January 2022 £m
Intangible assets	6.7	-	4.7
Property, plant and equipment	26.9	-	25.2
Deferred tax assets	0.2	-	0.2
Right-of-use assets	71.0	-	78.5
Inventories	36.5	-	27.0
Trade and other receivables	27.9	-	21.5
Impairment recognised in accordance with IFRS 5	(3.5)	-	-
<b>Assets held-for-sale</b>	<b>165.7</b>	-	157.1

	As at 30 July 2022 £m	As at 31 July 2021 £m	As at 29 January 2022 £m
Trade and other payables	(63.4)	-	(57.5)
Lease liabilities	(74.8)	-	(82.0)
Income tax liability	(1.0)	-	(2.9)
Deferred tax liability	-	-	(0.2)
<b>Liabilities held-for-sale</b>	<b>(139.2)</b>	-	<b>(142.6)</b>

## 8. Assets Held-For-Sale (continued)

### Discontinued Operations

The presentation of an operation as a discontinued operation is limited to a component of an entity that either has been disposed of or is classified as held-for-sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations, or is a subsidiary acquired exclusively with a view to resale.

Whilst the disposal of Footasylum is significant for the Group, it is subject to a single plan and can be distinguished operationally and for financial reporting purposes, the disposal of Footasylum should not be classified as a discontinued operation. This is because the Group has other subsidiaries and operations within the Sports Fashion segment in the UK, therefore Footasylum does not represent a separate major line of business or geographic area for the Group. However, the Group is required to disclose the impact of the disposal.

## 9. Financial instruments

### Fair Value of Financial Instruments

The fair value of put options are calculated by management based on the contractual agreement, Board forecasts and an appropriate discount rate in order to calculate present value.

The fair value of forward exchange contracts is calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yield respectively.

For interest bearing loans and borrowings, the notional amount is deemed to reflect the fair value.

### Fair Value Hierarchy

As at 30 July 2022, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

- Foreign exchange forward contracts - non-hedged
- Put and call options

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

At 30 July 2022	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	43.9	-	43.9	-
Cash and cash equivalents	1,137.9	-	1,137.9	-
<b>Financial assets at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	32.3	-	32.3	-
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	(11.3)	-	(11.3)	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings - current	(83.0)	-	(83.0)	-
Interest-bearing loans and borrowings - non-current	(41.8)	-	(41.8)	-
Put options held by non-controlling interests	(815.8)	-	-	(815.8)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 9. Financial instruments (continued)

### Fair Value of Financial Instruments (continued)

At 31 July 2021	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	37.6	-	37.6	-
Cash and cash equivalents	1,304.7	-	1,304.7	-
<b>Financial assets at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	0.3	-	0.3	-
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	(4.0)	-	(4.0)	-
Contingent consideration	(5.7)	-	(5.7)	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings - current	(275.3)	-	(275.3)	-
Interest-bearing loans and borrowings - non-current	(34.3)	-	(34.3)	-
Put options held by non-controlling interests	(491.1)	-	-	(491.1)

At 29 January 2022	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
<b>Loans and receivables</b>				
Deposits	38.1	-	38.1	-
Cash and cash equivalents	1,314.0	-	1,314.0	-
<b>Financial assets at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	21.3	-	21.3	-
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign exchange forward contracts - non-hedged	(5.0)	-	(5.0)	-
<b>Other financial liabilities</b>				
Interest-bearing loans and borrowings - current	(72.6)	-	(72.6)	-
Interest-bearing loans and borrowings - non-current	(55.5)	-	(55.5)	-
Put options held by non-controlling interests	(764.7)	-	-	(764.7)

## 10. Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

### Property Provision

Within property provisions, management has provided for expected dilapidations on stores and warehouses. This provision covers expected dilapidation costs for any lease considered onerous, any related to stores recently closed, stores which are planned to close or are at risk of closure and those under contract but not currently in use. Management maintain all properties to a high standard and carry out repairs whenever necessary during their tenure. Therefore, if there is no risk of closure any provision would be minimal and management do not consider it necessary to hold dilapidation provisions for these properties.

### Other Provisions

Included in other provisions is £2.0 million in respect of the CMA's ongoing investigation into the sale of the Rangers FC branded replica football shirts. This provision represents management's best estimate of the liability payable in respect of this matter, including associated legal costs, based on the information available to it at the date of approving these financial statements which includes consideration of the provisional Statement of Objections which the CMA issued on 7 June 2022. The CMA's findings are, at this stage, only provisional and the Group continues to review them with its advisors. The CMA will consider any representations that are made before issuing its final findings and accordingly the amount to be settled could be materially different to the amount provided. The CMA has not yet confirmed when it will release its final decision on this matter but the Group currently expects this to occur within 12 months of the date of approval of these financial statements along with any related outflows.

The remaining balance in other provisions is made up of various other trade provisions and legal costs. The provisions are estimated based on accumulated experience, supplier communication and management approved forecasts.

### Onerous Contract Provision

Within the onerous contracts provision, management has provided against the minimum contractual cost for the remaining term on a non-cancellable logistics services contract for the Azambuja warehouse in Portugal within the SportZone division. The provision will be unwound over the remaining eight year period ending 30 September 2030.

	Property provision £m	Other provisions £m	Onerous contracts £m	Total £m
<b>Balance at 31 July 2021</b>	-	-	5.2	5.2
Provisions reclassified from accruals	11.2	14.2	-	25.4
Provisions released during the period	(2.0)	(6.7)	-	(8.7)
Provisions created during the period	9.4	5.0	-	14.4
Provisions utilised during the period	(0.4)	(2.7)	(0.3)	(3.4)
Foreign exchange variances	-	-	0.2	0.2
<b>Balance at 29 January 2022</b>	<b>18.2</b>	<b>9.8</b>	<b>5.1</b>	<b>33.1</b>
Provisions reclassified from accruals	0.7	-	-	0.7
Provisions released during the period	(0.2)	-	-	(0.2)
Provisions created during the period	2.4	0.1	-	2.5
Provisions utilised during the period	-	(0.7)	(0.3)	(1.0)
Provisions acquired on acquisition	0.5	-	-	0.5
Foreign exchange variances	0.1	0.1	(0.1)	0.1
<b>Balance at 30 July 2022</b>	<b>21.7</b>	<b>9.3</b>	<b>4.7</b>	<b>35.7</b>

Provisions have been analysed between current and non-current as follows:

	As at 30 July 2022 £m	As at 31 July 2021 £m	As at 29 January 2022 £m
Current	13.0	0.6	13.2
Non-current (due within 10 years)	22.7	4.6	19.9
<b>Total provisions</b>	<b>35.7</b>	<b>5.2</b>	<b>33.1</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 11. Contingent Liabilities

It is inevitable that commercial claims and disputes may arise from time to time during the course of the Group's business. If the risk of a financial outflow arising from one of these disputes is more than remote but not probable or cannot be measured reliably then the Group will disclose this matter as a contingent liability. If the risk of a financial outflow is considered probable and can be measured reliably then the Group would make a provision for this matter.

Further, the activities of the Group are overseen by a number of regulators around the world and, whilst the Group strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Group will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Group would make a provision for this matter.

### CMA Investigation

On 23 September 2021, the CMA launched an investigation under section 25 of the Competition Act 1998 ('CA98') into suspected breaches of competition law by Leicester City Football Club Limited and JD Sports Fashion Plc, together with their affiliates. The Group continues to co-operate fully with the CMA.

The CMA has not reached a view as to whether there is sufficient evidence of an infringement of competition law for it to issue a statement of objections or, ultimately, an infringement decision, to any party under investigation. Therefore, at this stage, it is not possible to determine with sufficient certainty that a liability will ultimately arise. Indeed, not all cases result in the CMA issuing a statement of objections or an infringement decision. The CMA has indicated that it will publish a further update in September 2022.

## 12. Analysis of Net Cash

	At 29 January 2022 £m	On acquisition of subsidiaries £m	Cash flow £m	Non-cash movements £m	At 30 July 2022 £m
Cash at bank and in hand	1,314.0	1.1	(181.8)	4.6	1,137.9
Overdrafts	(33.6)	-	(8.2)	-	(41.8)
<b>Cash and cash equivalents</b>	<b>1,280.4</b>	<b>1.1</b>	<b>(190.0)</b>	<b>4.6</b>	<b>1,096.1</b>
Interest-bearing loans and borrowings:					
Bank loans	(94.5)	-	9.2	2.3	(83.0)
<b>Net cash / (financial debt) before lease liabilities</b>	<b>1,185.9</b>	<b>1.1</b>	<b>(180.8)</b>	<b>6.9</b>	<b>1,013.1</b>
Lease liabilities	(2,242.9)	(6.7)	189.7	(239.3)	(2,299.2)
<b>Net cash / (debt)</b>	<b>(1,057.0)</b>	<b>(5.6)</b>	<b>8.9</b>	<b>(232.4)</b>	<b>(1,286.1)</b>

## 13. Related Party Transactions and Balances

Transactions and balances with related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

### Transactions with Related Parties Who Are Not Members of the Group

#### Pentland Group Limited

During the period, Pentland Group Limited owned 51.9% (2021: 51.9%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases of inventory from Pentland Group Limited in the period and the Group also sold inventory to Pentland Group Limited. The Group also paid royalty costs to Pentland Group Limited for the use of a brand.



### 13. Related Party Transactions and Balances (continued)

#### Transactions with Related Parties Who Are Not Members of the Group (continued)

##### Pentland Group Limited (continued)

During the period, the Group entered into the following transactions with Pentland Group Limited:

	Income from related parties 26 weeks to 30 July 2022 £m	Expenditure with related parties 26 weeks to 30 July 2022 £m	Income from related parties 26 weeks to 31 July 2021 £m	Expenditure with related parties 26 weeks to 31 July 2021 £m
Sale of inventory	0.5	-	0.3	-
Purchase of inventory	-	(14.2)	-	(20.0)
Royalty costs	-	(8.1)	-	(5.1)
Other costs	-	(0.7)	-	(0.6)

At the end of the period, the following balances were outstanding with Pentland Group Limited:

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Trade receivables / (payables)	-	(5.4)	-	(7.8)

#### Transactions with Associates and Joint Ventures

During the period, the Group entered into the following transactions with its associates and joint ventures:

	Income from related parties 26 weeks to 30 July 2022 £m	Expenditure with related parties 26 weeks to 30 July 2022 £m	Income from related parties 26 weeks to 31 July 2021 £m	Expenditure with related parties 26 weeks to 31 July 2021 £m
Sale of inventory	0.2	-	-	-
Purchases of inventory	-	(5.1)	-	(4.2)
Dividends and distributions received	3.0	-	0.6	-

At the end of the period, the Group has the following balances outstanding with its associates and joint ventures:

	Amounts owed by related parties 2022 £m	Amounts owed to related parties 2022 £m	Amounts owed by related parties 2021 £m	Amounts owed to related parties 2021 £m
Trade receivables / (payables)	0.2	(0.4)	-	(0.2)

#### Transactions with Directors

Other than the remuneration of Directors, there have been no other transactions with Directors in the period (26 week period ended 31 July 2021: £nil). £25,000 of invoices from Cowgill Holloway Business Recovery LLP in respect of professional fees were accrued in the financial year ended 29 January 2022 and paid post year-end. Peter Cowgill was a Director of JD Sports Fashion Plc until his departure on 25 May 2022. Peter was also indirectly a member of Cowgill Holloway Business Recovery LLP through his membership of Cowgill Holloway LLP. Peter Cowgill did not participate in any profit share arrangement relating to either Cowgill Holloway LLP or Cowgill Holloway Business Recovery LLP. In addition, Cowgill Holloway LLP (including member firms of Cowgill Holloway LLP) has acted on behalf of certain vendors where the Group has ultimately completed an acquisition. Where this has occurred, there have been no monetary payments between the Group and Cowgill Holloway LLP (including its member firms).

## 14. Subsequent Events

### Footasylum

On 4 November 2021, the final ruling from the CMA was that it had again prohibited the Group's acquisition of Footasylum. The final CMA undertakings were issued on 14 January 2022, which was effectively the start date for the Footasylum sale process. On 29 July 2022, JD Sports Fashion Plc exchanged contracts to sell Footasylum and its associated subsidiaries to Aurelius Group for £37.5 million. The transaction subsequently completed on 5 August 2022. See Note 8 for further details.

### Appointment of New Chief Executive Officer

On 2 August 2022, Régis Schultz was appointed as the Company's new Chief Executive Officer, following an extensive executive global search process. Régis joined on 5 September 2022 and Kath Smith has commenced a full handover of her duties to Régis. After a short transitional period, Kath will then resume her former role as Senior Independent Director on the Board.

### JD Sports Fashion Korea Inc

On 6 September 2022, JD Sports Fashion Plc ('JD') acquired 50% of the shares in its existing subsidiary, JD Sports Fashion Korea Inc ('JD Korea') for cash consideration of 26.1 billion KRW (£16.4 million). JD now owns 100% of the share capital of JD Korea. In accordance with IFRS 10, JD had previously assessed and concluded that it controlled JD Korea. As the acquisition of the 50% on 6 September 2022 does not result in a change of control, this will be accounted for as an equity transaction.

### Agreements with Former Executive Chair

On 21 September 2022, the Company reached an agreement with its former Executive Chair with respect to his departure from the business. Included in this agreement are two new arrangements which are considered to be Related Party Transactions under IAS24 'Related Party Disclosures'. The first is a binding set of new and enhanced restrictive covenants for a two-year period, replacing the very limited provisions in the previous contract for which the former Executive Chairman will receive £3.5 million over two years. The second is a consultancy agreement for an expected period of three years with £2 million to be paid which is to be phased over the life of the agreement.

# DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the UK; and
- the interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

**Neil Greenhalgh**  
**Chief Financial Officer**

Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire  
BL9 8RR

22 September 2022

# INDEPENDENT REVIEW REPORT TO JD SPORTS FASHION PLC

## Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 30 July 2022 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 30 July 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

## Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ('ISRE (UK) 2410') issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion section of this report.

## The Purpose of Our Review Work and to Whom We Owe Our Responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

## Frances Simpson for and on behalf of KPMG LLP

Chartered Accountants  
St. Peter's Square  
Manchester  
M2 3AE

22 September 2022

# FINANCIAL CALENDAR

Period End (52 weeks)	28 January 2023
Final Results Announced	April 2023

## SHAREHOLDER INFORMATION

### Registered Office

JD Sports Fashion Plc  
Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire  
BL9 8RR

### Financial Advisors and Stockbrokers

Investec Bank plc  
30 Gresham Street  
London  
EC2V 7QP  
  
Peel Hunt LLP  
7th Floor  
100 Liverpool Street  
London  
EC2M 2AT

### Principal Bankers

Barclays Bank Plc  
43 High Street  
Sutton  
Surrey  
SM1 1DR

### Solicitors

Addleshaw Goddard LLP  
1 St. Peter's Square  
Manchester  
M2 3DE  
  
Linklaters LLP  
One, Silk Street  
London  
EC2Y 8HQ

### Company Number

Registered in England  
and Wales  
Number 1888425

### Financial Public Relations

FGS Global  
The Adelphi  
1-11 John Adam Street  
London  
WC2N 6HT

### Registrars

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

### Auditor

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

***jd sports fashion plc***